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Soviet Troops Storm Key Sites in Lithuania

Compiled by Our Staff From Dispatches
VILNIUS, Lithuania — Soviet troops stormed key buildings in Lithuania on Friday after President Mikhail Gorbachev warned the separatist republic to bow to Moscow's authority.

What they are doing here is an undeclared war against the republic of Lithuania," said the republic's president, Vytautas Landsbergis.

Paratroopers smashed their way into the headquarters of the republic's defense department and the main printing plant in Vilnius, the capital, forcing employees into the streets at gunpoint.

Defense officials in the republic said seven people had been wounded in the assault on the defense department and the printing plant. They included a student who was reportedly hit in the jaw by random gunfire.

The Lithuanian parliament formally vowed to hold to the proclamation of independence it made in March. Appealing for international support, it also rejected a call

by Mr. Gorbachev to restore the Soviet Constitution or face the prospect of direct rule from Moscow.

The Soviet Army made no move to occupy the parliament building. Its action Fri-

On the line to Moscow, Bush urges Gorbachev to avoid the use of force. Page 2.

day fell well short of a drive to topple Lithuania's separatist leadership, which was elected in multiparty elections in February 1990.

But the military action suggested that Mr. Gorbachev's patience was wearing thin. It also strengthened the argument that to deal with his mounting problems, Mr. Gorbachev might be veering toward the hard-line policies he once rejected.

Troops also moved into buildings in the towns of Kaunas and Siauliai, provoking emotional scenes on the streets of Vilnius.

Outside the occupied press center, young Lithuanians surrounded a Soviet tank and

screamed at a soldier on it: "Why are you here? What are you doing?"

Tanks at the printing plant later withdrew, but soldiers in full combat gear could be seen inside the building and in the defense headquarters.

About 2,000 people gathered late Friday under floodlights in front of the parliament, waving the Lithuanian flag and singing patriotic songs.

Sections of the building were closed off and barricaded with furniture. Lithuanian security forces, some armed, patrolled darkened corridors on upper floors.

Lithuania's small pro-Moscow Communist Party, which opposes the separatist movement, announced at a press conference that it was forming a "National Salvation Committee," which was prepared to "take power into its own hands."

The Soviet press agency Tass reported that the army operation sought to restore to the Communist Party property that had been seized by separatists since the declaration of independence.

Mr. Landsbergis tried to telephone Mr. Gorbachev but was told that the Soviet president was having lunch and would not take the call, according to a parliamentary spokesman, Rita Dapkus.

In its first report on the confrontation Friday, Tass issued a three-paragraph dispatch saying that troops had occupied the printing plant in Vilnius so it could be returned to the Communist Party. Independence supporters had claimed ownership of the plant.

Tensions have been building in Lithuania since Monday, when the Soviet Defense Ministry announced that paratroopers would be used in the republic and in six others to enforce the military draft.

Thousands of paratroopers have reportedly been activated, including 1,000 in Lithuania. While all the Soviet Union's 15 republics have declared independence or some form of sovereignty, Lithuania is the

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Soviet troops facing off with Lithuanians outside the main printing plant in Vilnius on Friday. The troops stormed several strategic buildings in the capital.

'Let me be absolutely clear:
We pass the brink at midnight, January 15.'

Baker, in the Gulf, Issues His Sternest Warning Yet

By Thomas L. Friedman
New York Times Service

TAIF, Saudi Arabia — Secretary of State James A. Baker 3d told American forces in Saudi Arabia on Friday that if Iraq was not out of Kuwait by midnight Tuesday, America would go to war almost immediately to evict the Iraqis.

Mr. Baker made his remarks after meeting with King Fahd of Saudi Arabia, at which the two men reached a general understanding on when an attack on Iraqi troops in Kuwait should be launched if the United Nations deadline, officials said.

In another development, American officials said Mr. Baker won the agreement of Saudi Arabia, the United Arab Emirates and Kuwait that if Iraq attacked Israel at the start of a Gulf war these Arab states would stand with Washington in fighting against Baghdad, even if they appeared to be defending Israel.

But if Israel initiated unprovoked action against Iraq the Arab states would not necessarily stay with Washington, the official said.

Addressing U.S. Air Force personnel from the 48th Tactical Fighter Wing at a Saudi air base, Mr. Baker made it clear that if Iraqi troops were not out of Kuwait by

midnight Tuesday Eastern Standard Time — 8 A.M. Wednesday in the Gulf — the United States intended to force them out in short order.

"When I talked to you four months ago some of you told me that you were ready," Mr. Baker said. "But you also asked how long it would be before you would know

Crisis in the Gulf

In mock battles, U.S. forces face trenches full of blazing oil. Page 4. The U.S. anti-war effort is building, with echoes of Vietnam. Page 5. Arab diplomats said Iraq might offer a post-deadline deal. Page 4. Industrial nations will release oil from reserves if war begins. Page 5.

whether you would be called into action to undo this terrible aggression."

"Now, as the clock ticks down to midnight Jan. 15, I cannot give you an absolutely definitive answer," he said. "But I can tell you that you will not have to wait much longer for an answer to that question."

The air force personnel whistled, applauded, stomped their feet and waved their fists in the air in approval.

Mr. Baker's speech was not real-

ly designed for the troops, though. It was meant for an audience of one: President Saddam Hussein of Iraq.

American officials say they are increasingly concerned that the Iraqi leader plans to let the United Nations deadline pass in order to show his ability to defy Washington, and then announce a vague proposal for leaving Kuwait in return for a Middle East peace conference or other concessions. That tactic would be designed to split the international coalition.

On Friday, Mr. Baker was apparently trying to talk President Hussein out of such a move by signaling that his room for maneuver may not be as wide as he thinks.

But more than gamesmanship was involved. American officials say that each day after Tuesday that they do not attack Iraq, if it stays in Kuwait, President Hussein's stature will grow in the Arab world. They have apparently concluded that if force is to be used it must be used almost immediately.

"We believe," said Mr. Baker, "that if Iraq is going to withdraw from Kuwait, Saddam Hussein will probably wait until he is on the very brink before he moves and our worry is that in his usual style he

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'This is a showdown between the infidel and believers, between good and evil.'

To Stop War, Hussein Insists, Solve the Palestinian Problem

By Patrick E. Tyler
New York Times Service

BAGHDAD — President Saddam Hussein said at a conference of Islamic leaders on Friday that he was preparing for a war against the U.S.-led military alliance in the Gulf that could only be averted if the international community gave greater priority to solving the Palestinian problem.

In a half-hour speech delivered under tight security on the last day of the three-day Islamic session, Mr. Hussein spoke of war preparations, of cleansing the Arab nation of corruption and of liberating Palestine. But he made no reference to the impending arrival here of Javier Pérez de Cuéllar, United Nations secretary-general, who is seeking an 11-hour commitment from Iraq to withdraw from Kuwait.

Western and other foreign diplomats here said they were not optimistic that Mr. Pérez de Cuéllar's mission would succeed, because the Iraqi leadership appeared determined to offer no concessions on Kuwait before the Jan. 15 UN deadline for Iraq's withdrawal.

Most diplomats said they did not expect Mr. Hussein to play his final card in the war of nerves that has preceded the deadline. Much of the speculation in Baghdad centered on reports that Mr. Hussein might offer to withdraw while calling for an international conference on Palestinian grievances, but Iraqi officials sought to dampen such speculation with official denials and maintained their hard line.

In addition, foreign diplomats said Iraqi leaders did not consider Mr. Pérez de Cuéllar a neutral me-

diator, after having clashed with him in numerous negotiating sessions that the secretary-general undertook to bring about a cease-fire in the Iran-Iraq war.

"The Iraqis do not trust him," said a European chargé d'affaires, who predicted that Mr. Pérez de Cuéllar would not find any flexibility in the meeting set for Saturday. Meanwhile, the U.S. Embassy announced Friday that its chartered Iraqi Airways Boeing 777 would fly the last six American diplomatic staff members out of Iraq to Frankfurt at 11 A.M. Saturday, along with other Western and foreign diplomats.

Mr. Hussein's appearance at the convention center in central Baghdad on the last day of the Islamic

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U.S. Urges Its Citizens in Most of Mideast to Leave

By Joel Brinkley
New York Times Service

JERUSALEM — The United States urged all Americans in Israel and several other Middle Eastern countries on Friday to consider leaving because of the growing likelihood of war.

Israel, meanwhile, drew its military closer to full attack readiness. Standing in front of an F-16 fighter during a television interview, Major General Avraham Bin-Nun, commander of the air force, said the air force was on full battle alert. That means that in shifts, fighter pilots are strapped into cockpits around the clock, ready to take off at a moment's notice.

The new United States travel advisory issued Friday applies to most nations between Morocco and Pakistan but has particular impact on Israel, which has as many as 100,000 citizens, residents or visitors who hold American passports. Most of these people also hold Israeli citizenship and will probably not leave.

The U.S. Embassy in Tel Aviv also notified more than 200 husbands, wives and children of embassy or consular employees that they were free to leave at government expense. Some embassy officers said their families were leaving. But it was not clear how many of the American passport holders here would choose to go.

Every flight leaving Israel is fully booked, with long

waiting lists for the next several days.

The advisory also added or modified travel advisories for Jordan, Mauritania, Sudan, Yemen, Algeria, Morocco, Pakistan and Tunisia. "Those already in these areas who do not have essential reasons for staying should consider departing," the advisory said.

"Voluntary departure of dependents of U.S. government employees and nonessential staff has been authorized for Algeria, Morocco, Pakistan and Tunisia," it added. "Voluntary departure of dependents only has been authorized for the Eastern Province of Saudi Arabia, Bahrain, Qatar, the United Arab Emirates and Israel and the Israeli-occupied territories."

Bush's High-Gear Lobbying

'Last, Best Chance' Is in Your Hands, Lawmakers Told

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush lobbied intensely Friday for congressional approval to use force in the Gulf crisis, telling House members on the eve of a critical vote, it is "in your hands" to persuade Saddam Hussein of U.S. resolve.

"It's a soul-wrencher," said Representative Henry J. Hyde, an Illinois Republican who said he would side with Mr. Bush.

Congressional leaders said they expected Mr. Bush would prevail in both houses in votes over the weekend, perhaps by narrow margins.

Senate Democrats pressed their case to deny Mr. Bush immediate authority to use force and to give economic sanctions more time to compel Iraq to withdraw from Kuwait.

"What guarantees do we have that war will be brief, or that American casualties will be light?" said Sam Nunn, Democrat of Georgia, the chairman head of the Senate Armed Services Committee. "No one can say whether war will last

five days, five weeks or five months."

But Senator Alfonse M. D'Amato, Republican of New York, demanded to know how long sanctions should be given to work. "Saddam Hussein is a winner" if Mr. Bush's plan is rejected, he said.

Legislators in both parties clearly felt the weight of their decision whether to authorize Mr. Bush to use force, as the United Nations has envisioned, after Tuesday.

"A narrow win is not a big help to the policy," said Mr. Hyde. "But it's better than a loss."

The White House said the outcome of the vote was uncertain. "Nothing is assured," said the White House spokesman, Martin Fitzwater. "Nothing is being taken for granted."

"I think people are quite sober about this decision because they sense that the president does have a majority, and come Jan. 15 he will in fact initiate war," added Representative Matthew F. McHugh, Democrat of New York, an opponent of granting war authority.

The president invited about 100 House members of both parties to

breakfast at the White House in an effort to build support in the chamber. Both chambers are controlled by the Democrats.

"The last, best chance for Saddam Hussein to get the message is in your hands," Mr. Bush told lawmakers, according to Mr. Fitzwater.

"My gut tells me there are probably enough Democrats who will support Mr. Bush," said the House majority leader, Richard A. Gephardt, Democrat of Missouri.

In the Senate, Mr. Bush also appeared to have the upper hand, although by a narrower margin. Democratic Senators Harry M. Reid of Nevada, Charles S. Robb of Virginia, J. Bennett Johnston and John B. Breaux of Louisiana, Joseph I. Lieberman of Connecticut and Richard C. Shelby of Alabama all had announced they would support the White House.

Defense Secretary Dick Cheney, after meeting with Senate Republicans, reported "good solid support" for Mr. Bush's request for war authority.

"The response this week of the

See DEBATE, Page 2



A member of the U.S. 6th Marines preparing to fire during mortar practice Friday in Saudi Arabia.

EC Pledge to UN On Mideast Talks

By William Drozdzick
Washington Post Service

GENEVA — The United Nations secretary-general, Javier Pérez de Cuéllar, left for the Middle East on Friday on an 11-hour peace mission carrying assurances from the European Community that an Iraqi withdrawal from Kuwait would be quickly followed by an international peace conference on the Middle East.

The 12 foreign ministers from Community countries met with Mr. Pérez de Cuéllar for two hours Friday at UN headquarters here to discuss his planned talks with President Saddam Hussein on Saturday.

Several ministers said later that the secretary-general's essential message would be to tell Mr. Hussein that if he pulled all of his forces out of Kuwait, he would not be attacked and that UN forces could be employed to preserve peace along Iraq's borders with Kuwait and Saudi Arabia.

But if Mr. Hussein refuses to withdraw, the ministers said, Mr.

Pérez de Cuéllar will tell him that he faced no alternative but an attack by American-led international forces that would devastate his country.

The UN chief's mission, undertaken after the collapse of talks between the United States and Iraq, is considered perhaps the final chance to avert war before the Tuesday deadline set by the Security Council authorizing the use of force to evict Iraqi troops from Kuwait.

The European allies agreed to invest their hopes for the moment on Mr. Pérez de Cuéllar's trip and refrain any further diplomatic initiatives on the Gulf conflict until they learn the outcome of his discussions with Mr. Hussein.

But Italy's foreign minister, Gianni De Michelis, said the Community would not rule out taking new actions of their own in the waning hours before the deadline.

He would not exclude direct contacts by Community leaders with

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Kiosk Paris-Dakar Support Driver Slain

GAO, Mali (AP) — The driver of a support truck in the Paris-Dakar Rally died of gunshot wounds Friday in a Tuareg village controlled by the Malian Army, organizers of the race reported. They stopped the race, but officials said it would resume Saturday. Charles Cabannes, 37, a Frenchman who was the driver of a support truck for the Citroën team that is leading the race, was shot in the village of Kadoouane, Mali, organizers said. Details were not immediately available. Kadoouane is a community of Tuaregs, who are desert nomads. Tuaregs in northern Mali had bloody clashes with government troops over the past year until reaching a peace agreement last week. The village lies midway on the path of Friday's 630-kilometer (394-mile) stage from Tili, Niger, to Gao.

Money	Down	Close	The Dollar
With the Gulf crisis, the concept of safe investing takes on new meaning. Page 14.	Up	2.73	DM 1.531
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Move Over, Wayne Newton: Las Vegas Is Panting for Hu Gwa

By Ashley Dunn
Los Angeles Times Service

LAS VEGAS — While Lon Rawls performs at the Golden Nugget and showgirls romp at the Stardust, a packed showroom at the Desert Inn Hotel and Casino is anxiously awaiting the arrival of Mr. Cucumber from Taiwan.

"Ladies and gentlemen!" the master of ceremonies barks in Chinese as the band cranks up. "That superstar King of Taiwan comedy, Hu Gwa!"

The crowd cheers. The comedy-did Chinese performer, whose stage name means "cucumber" in Chinese, storms onto center stage through a flood of pulsating lights and billowing stage smoke. Hu Gwa, the "Johnny Carson of Taiwan," launches into a snappy Chinese tune. "Oh, he's good," one woman croons. "He's the king."

It is a sign of the changing times on the Las Vegas Strip. Where Liberace, Wayne Newton and Sammy

Davis Jr. once ruled, the marquee now blare with names like Hu Gwa, Ma Shih-li and Yang Lich. Las Vegas — that paradigm of American excess and decadence — has discovered Asia.

"Sin City," stung by searingly low prices, competition from Atlantic City, New Jersey, and a moribund U.S. economy, has turned its attention toward Japan, Hong Kong, Taiwan and other booming Asian locales in search of gamblers.

Instead of Mideastern potentates or Texas oil barons, it is the Asian gambler who has become not only the most sought-after high roller of the '90s, but also, with the growth of the Asian community on the West Coast, the low roller.

"They gamble every day, they wager against each other, they play hard," said Terry Lanni, president of Caesars World Inc., which owns Caesars Palace in Las Vegas.

As the world economy shifts toward the Far East,

here in this opulent outpost in the desert theripples are being felt.

Casinos are courting the Asian gambler with everything from \$6 overnight bus tours from Los Angeles's Chinatown to all-expenses-paid jinkets out of Jakarta, Taipei and Seoul.

The largest casinos, like Caesars Palace and the Mirage, have opened marketing offices in the Far East, and most have introduced such Asian games into their repertoire as Pai Gow and Sic Bo.

"The business from Asia has just exploded incredibly," said Kevin J. Malley, president of Desert Inn. "They are the No. 1 gamblers in the world right now."

Old-timers around "Glitter Gulch" say the importance of the Asian gambler to Las Vegas has been increasing for the last two decades. It was in the 1980s, as the Japanese gross national product nearly tripled, to the \$3.1 trillion mark, and

the Taiwan stock-market index grew eightfold in four years, that the pursuit of the Far Eastern gambler reached fever pitch.

The last five years have seen casinos scurrying to outdo one another with ever more opulent Asian parties, Asian gaming areas and Asian restaurants. Caesars Palace even installed next to its Roman temple a Buddhist shrine for convenient prayer. The shrine was donated by the Thai newspaper tycoon Kamphol Wacharaphol, and by the Hong Kong shipping magnate Yip Hon.

The biggest casino market is still the domestic one, but Asian gamblers exert a power that far exceeds their numbers.

Mr. Malley estimated that 90 of the casino's top 100 gamblers were Asians and that 45 percent of the casino's revenue came from the Pacific Rim. "It's

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Soviets Halt On Line to Moscow, U.S. Asks Restraint

By David Remnick

Washington Post Service

MOSCOW — Soviet government authorities shut down the independent news agency Interfax on Friday in a move that Soviet journalists said was part of the Kremlin's general shift toward more hard-line policies.

The shutdown of Interfax, a Soviet-French-Italian joint venture, came just two weeks after Gorbachev, the state television and radio agency, barred the country's most popular and irreverent program, "Vzglyad." The program was barred after its producers tried to broadcast a segment on the resignation of Foreign Minister Eduard A. Shevardnadze.

Both the print press and television remain far less restricted than news organizations were under previous Soviet leaders. Nevertheless, Soviet journalists said that President Mikhail S. Gorbachev was now knocking under to the pressure of hard-liners to rein in the policy of glasnost, or openness. Glasnost has been celebrated as Mr. Gorbachev's most significant domestic political success since he came to power in March 1985.

"We're seeing a coup," said one "Vzglyad" host, Yevgeni Dodo-lyev, "but in a country as big as ours it doesn't take just an hour like in Haiti."

Since it began a year ago, Interfax, a well-connected news-gathering source, has provided far more objective coverage than the state-run press agency Tass. Many foreign news bureaus here have come to rely on Interfax for quick and accurate accounts of closed government meetings and for reports from the various republics.

The director of Interfax, Mikhail Kommissar, said four officials from Gorbachev and several of his officers arrived at the agency's office in the Radio Moscow building and impounded much of its equipment.

Mr. Kommissar said the officials made it clear that they were taking the action because they objected to Interfax's editorial content.

A reporter for Interfax, Vyacheslav Tereshchenko, said the agency would try to move to offices provided by Moscow's radical mayor, Gavril Popov. Interfax journalists said they thought they could return to work in the new quarters by the end of the month, but it is unclear how Gorbachev will react.

Since Leonid Kravchenko, a Communist Party Central Committee member, was appointed head of state television in November, there has been a noticeable tightening in official controls over news programs. The nightly news program "Vremya" has broadcast a series of one-sided reports, accusing nationalists in the Baltics and other republics of stirring up ethnic violence without allowing the nationalists to give their side of the story.

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush appealed Friday to President Mikhail S. Gorbachev to resolve a dispute with Lithuania peacefully, but the White House refused to call the actions of Soviet troops in the Baltic republic the start of a military crackdown.

The European Community and NATO, meanwhile, separately urged Moscow to avoid force in the Baltic republics.

Mr. Bush said the Lithuanian crisis came up during a 25-minute telephone conversation between him and Mr. Gorbachev that focused mainly on the Gulf.

"He knows of my position," Mr. Bush said, adding, "I am very hopeful they can find a way to resolve these extraordinarily complex problems without resorting to force."

Asked if Mr. Gorbachev had told him of his intentions toward the breakaway republic, Mr. Bush replied, "We didn't go into any detail."

VILNIUS: Soviets Move In

(Continued from page 1)

most advanced and radical in its independence drive.

Ms. Dapkus, a spokesman for the Information Bureau of the Lithuanian parliament, said Soviet troops seized the National Security Department, near Vilnius, early Friday. She said many employees of the department, which is responsible for security and defense within the republic, had escaped.

About 20 minutes later, she said, troops moved on the city's main printing plant and the television tower. She said Lithuanians were "very worried because there's shooting going on."

Hundreds of Lithuanian nationalists held an all-night vigil in and around the republic's parliament building. But hundreds of Russian workers who oppose Lithuanian independence also marched to the parliament and tried to drown out the hundreds of Lithuanians singing songs.

After Lithuania declared independence, Mr. Gorbachev imposed an economic embargo against the republic. He lifted the embargo during the summer and agreed to hold talks after Lithuania agreed to put moves toward independence on hold.

Talks have failed to start after several attempts, reportedly contributing to the decision by the Lithuanian prime minister, Kazimiera Prunskiene, to resign Tuesday.

Late Thursday, the Lithuanian parliament elected her successor, Albertas Simenas, 40, an economist nominated by Mr. Landsbergis. Mr. Simenas told the parliament that as long as there was no open Soviet aggression against Lithuania, he would try to develop Lithuanian-Soviet relations on the basis of full Lithuanian independence.

(Reuters, AP)

Mr. Gorbachev telephoned Mr. Bush as reports reached Washington that Soviet paratroops had stormed key buildings in Vilnius.

The White House spokesman, Martin Fitzwater, said the United States viewed the situation "very seriously." But he said in response to a reporter's question that it would be wrong to assume a military crackdown had begun.

"Obviously, there are very serious events occurring there," he said. But he added that there was "some question" about the exact nature of Soviet actions.

Mr. Fitzwater denied that the Bush administration was playing down the situation in Lithuania to avoid friction with Mr. Gorbachev, who has strongly supported U.S. demands that Iraq get out of Kuwait by Tuesday or face possible war.

He noted that the White House issued a statement earlier this week warning Moscow that use of force in the Baltics would be counterproductive and provocative.

"We continue to monitor the Baltic situation," Mr. Fitzwater said. He added that a committee headed by the U.S. deputy national security adviser, Robert M. Gates, convened on Friday morning to review the situation.

In Brussels, the European Community issued a statement saying that "member states are deeply concerned by the situation in the Baltic republics."

"They expect that the Soviet authorities, in conformity with their commitments under the Helsinki Final Act and the Charter of Paris, will refrain from any act of intimidation," it added.

NATO also urged the Soviet Union to refrain from any act of intimidation and force in the Baltics and called on all concerned to exercise the utmost restraint.

In a statement prepared before Soviet paratroops went into action in Vilnius, a spokesman for the NATO secretary-general, Manfred Wörner, said members of the North Atlantic Treaty Organization were deeply concerned by the Baltic situation, especially the deployment of armed forces.

"They urge the Soviet authorities to refrain from any act of intimidation and use of force and call on all concerned to exercise the utmost restraint," the statement said.

In Rome, Pope John Paul II urged Lithuanians to be patient in pressing their demands for independence.

In a telegram to the archbishop of Kaunas, Lithuania, Cardinal Vincentas Sladkevicius, the Pope said, "I express my fervent wish that past experiences will inspire all to work toward the right solution to the current tensions with tenacious patience through a respectful and comprehensive dialogue."

Jacques Poos, the foreign minister of Luxembourg, which now holds the EC presidency, was asked whether Soviet moves in the Baltics might affect humanitarian aid from the Community to Moscow.

"What is happening is already affecting public opinion in the EC," he said.

(AP, Reuters)



Ibrahim Souss, left, PLO representative in France, and Farouk Kaddoumi, head of the PLO political department, leaving the Foreign Ministry in Paris on Friday after talks with Foreign Minister Roland Dumas. Mr. Kaddoumi said that only a "package deal" on regional problems could end the Gulf crisis.

UN: A Pledge From EC to Back Talks on the Mideast

(Continued from page 1)

Mr. Hussein or Foreign Minister Tariq Aziz after the talks with Mr. Pérez de Cuellar were over.

Mr. Pérez de Cuellar said: "I hope I will be heard, and I hope I will find a wish for peace. I don't dare say I am optimistic, but even so I hold out hope."

Mr. Pérez de Cuellar stopped off in Amman, Jordan, and met with King Hussein.

Although the secretary-general denied that he was taking "concrete proposals" to Baghdad, European ministers said he would spell out a multistage process endorsed by the 12 European Community governments that is designed to assure Iraq of peace and security if it complies fully with UN resolutions and carries out a complete and unconditional withdrawal from Kuwait.

"We are all of the opinion that the secretary-general's idea to install a UN peacekeeping force following the withdrawal of Iraq is a good idea," said Foreign Minister Hans-Dietrich Genscher of Germany.

In addition, Mr. Pérez de Cuellar is expected to offer assurances that the U.S.-led international force will be withdrawn once Iraqi troops are behind their own borders and the threat of military confrontation subsides.

Finally, the UN chief will carry a promise from the European Community that it will do all it can to convene an international conference dealing with the Arab-Israeli conflict and the Palestinian question as soon as possible after the Iraqi withdrawal.

The European ministers insisted that they were not making a direct linkage between Iraq's occupation of Kuwait and the Arab-Israeli conflict, a connection that President George Bush has adamantly rejected.

They contended that their plan was entirely predicated on an Iraqi withdrawal from Kuwait and that it did not conflict with the American position.

"We all accept that there are important, wide issues within the Middle East that need to be tackled," said Douglas Hogg, Britain's Foreign Office state minister. "But they cannot be tackled while Saddam Hussein is in Kuwait."

Mr. Genscher said the Community foreign ministers were sending Mr. Pérez de Cuellar to Baghdad "with our greatest possible support."

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AMERICAN TOPICS

Ground Delays Are Longer, But Airliners Are Circling Less

U.S. air traffic is so near saturation that delays at one airport have a ripple effect across the country. The Washington Post reports. For instance, if Chicago O'Hare has to reduce landings because of bad weather, then planes taking off from hundreds of other airports will be delayed.

In the past, an aircraft might fly in a holding pattern over its destination until it could land. In recent years, however, as fuel prices rose and airports became crowded, the Federal Aviation Administration decided it was safer and cheaper to hold planes on the ground until they could be assured a landing time at their destinations.

That is why delays are often announced when passengers waiting to take off can plainly see that the weather outside is bright and dry. There are, of course, other reasons for delay: mechanical troubles, airport construction, even deer on the runways.

Sometimes the delay will be explained, sometimes not. "I always try to make it detailed but somewhat light," says Captain Andy Bowe of American Airlines. "The weather is great here, but it isn't in Chicago. Ninety-nine percent of the time, the feedback from that is positive. You can't think that you put them in this big aluminum tube, you close the door and you've got 'em."

Short Takes

A breakdown in the vaccination system has caused the worst U.S. measles epidemic in decades, according to a federal advisory panel. In response, the federal official in charge of the vaccination program, Dr. Kenneth Bart, promised to take quick action. Measles was almost eradicated in the United States in 1983, when only 1,497 cases were reported. But by 1990, after budget cuts ended federal monitoring of immunization, more than 30,000 cases of measles and more than 60 deaths were reported. The panel said parents and children often wait for hours in crowded clinics and have to pay for vaccinations that used to be free. Often, clinics are closed evenings and weekends, the only time working parents can bring their children.

Many correspondents who cover national political campaigns are switching to other

fields, the Los Angeles Times reports. Some say that television has made campaigns more stage-managed and has diminished the role of the political interpreter. Audiences can see things for themselves on TV, and so can editors, who may decide what they think of an event long before the reporter calls in.

With more than 1 million Americans behind bars, the United States now leads the world in overall incarceration rates. It has surpassed both South Africa and the Soviet Union in the past decade. High crime rates and harsher criminal justice policies account for "the unenviable position of world leadership in incarceration," according to the study by the Sentencing Project, a nonprofit organization that promotes sentencing liberalization and alternatives to imprisonment.

MGM-Pathe Communications Co. has sued a New York homosexual street patrol for using the movie conglomerate's Pink Panther name and pawprint. It seeks damages in excess of \$100,000. The Pink Panther Patrol was organized last June to protect homosexuals from physical assaults, or "gay-bashing." MGM said this damaged the trademark's "carefree, comedic, nonpolitical nature."

Arthur Higbee

Prosecutors Quit Case of Jesuits in El Salvador

By Lindsey Gruson

SAN SALVADOR—In the face of new accusations in the U.S. Congress that the Salvadoran defense minister and high command are obstructing the investigation into the slaying of six Jesuit priests, the two principal prosecutors in the case have resigned, accusing the attorney general's office of interference.

The prosecutors, Edward Sidney Blanco Reyes and Alvaro Henry Campos Solorzano, said they resigned because the armed forces were preventing a broad investigation of the 1989 slayings and because the attorney general's office had stopped them from pursuing officers who committed perjury.

"Officers are defending their lies in a cynical fashion," Mr. Campos Solorzano said. "We didn't want to be their ornaments."

The resignations and the congressional criticism occurred this week as the State Department announced that the Bush administration would release \$42.5 million in military aid frozen last year in retribution for the slayings.

The attorney general, Roberto Antonio Mendoza Irujo, dismissed the prosecutors' allegations of interference and obstructionism.

"The international community should be assured that the attorney general's office will continue pressing the case with all its abilities," he said in announcing the appointment of replacements for the prosecutors.

The six priests were slain 14 months ago during a guerrilla offensive. Last January, President Alfredo Cristiani announced the arrest of a colonel, Guillermo Alfredo Benavides Moreno, and seven lower-ranking soldiers. Since then, the investigation has almost come to a standstill, international monitors said.

A new staff report in the U.S. Congress, from the Speaker's Special Task Force on El Salvador, concluded that the defense minister, General René Emilio Ponce, and the other members of the high command had manipulated the inquiry to prevent the discovery of a broader conspiracy.

"The armed forces wrote the first act of the Jesuits case by murdering the priests; now, they are writing the final act controlling the investigation," it concluded.

Yes, the Rich Are Different

U.S. Says They Got Wealthier in 80s, as Others Got By

By Robert Pear

WASHINGTON—The wealth of affluent people grew substantially in the 1980s, while the assets of other Americans barely kept pace with inflation, according to the Census Bureau.

The government and private economists have been reporting for several years that income distribution was becoming more unequal, with a bigger gap between people of high and low incomes.

The new Census Bureau report was one of the first systematic examinations of wealth, reflecting not just one year's income but the lifetime accumulation of property and other assets.

The Census Bureau said that for the most affluent fifth of all households, wealth rose 14 percent from 1984 to 1988, after adjusting for inflation. For other households, wealth was not significantly different in 1984 and 1988, the bureau said.

In 1988, the United States had 91.6 million households. The top fifth consisted of 18.3 million households with income of more than \$46,600 a year; the median wealth of those households was \$111,770. In any group, the number of households above the median is the same as the number below it.

Wealth, or net worth, is defined by the Census Bureau as the value of savings and checking accounts, real estate, automobiles, stocks and bonds and other assets, minus debts.

The value of pension plans, jewelry and home furnishings was not included. The Census Bureau report is based on interviews with 24,000 households chosen to be representative of the nation's 92 million.

White households typically have 10 times as much wealth as black households, the Census Bureau reported. The difference between the races was about the same in 1988 as in 1984.

Judith H. Eargle, an economist at the Census Bureau, said that as expected, the latest study showed that wealth increased with a person's income, age and education.

While the median income of whites is roughly twice that of blacks, the disparity in wealth is much greater, partly because wealth reflects decades of differences in earnings, investment and the inheritance of property.

The data in the report suggest why economic disparities between blacks and whites are most likely to endure even if blacks' incomes catch up with whites'. People with similar incomes may

have very different levels of wealth.

The median wealth of all households in 1988 was \$35,750, the bureau said. The median was \$43,280 for whites, \$4,170 for blacks and \$5,520 for Hispanic households.

Elderly couples often have lower incomes than younger couples. But the median wealth of elderly married people, \$124,420, is about 10 times that of couples in which the head of household is under 35 years old, the bureau said.

The government has much more information about income than about wealth. Many people do not know the total value of their assets, and many regard detailed questions about their wealth as intrusive.

In the Census Bureau survey, 29 percent of black households reported that they had no wealth, meaning that they owned no assets or that their liabilities exceeded their assets. By contrast, 9 percent of all white households and 24 percent of Hispanic households reported having no wealth.

At the other end of the scale, 29 percent of white households reported wealth of \$100,000 or more, as against 5 percent of black households and 12 percent of Hispanic households.

Beijing Tightens Security Over Fear Of Eavesdropping on Leaders' Talk

Army Vows Loyalty to Chamorro

By Nicholas D. Kristof

BEIJING—China's leadership has begun a new effort to tighten security after uncovering attempts by foreign countries to use electronic equipment to eavesdrop on high-level conversations, Chinese officials say.

Many Chinese officials, particularly those in the military, are supposed to avoid contact with foreigners, and access to photocopies is limited to avoid duplication of sensitive documents.

But in the past, the emphasis has been on preventing high-level documents, which are numbered and must be returned after they are circulated, from leaking, and on keeping officials from disclosing sensitive information to foreign friends.

Until now, there has been relatively little concern with high-tech interception of secrets, and only a small number of leaders are believed to have access to secure telephones — reportedly colored red to distinguish them.

Meetings on promoting security have recently been held in offices of the central government, the Com-

munist Party Central Committee and the army, say people who took part in the meetings.

They said the security campaign was begun after the discovery that an unidentified foreign country had used electronic devices — possibly from a vehicle — to intercept conversations and telephone communications among Chinese leaders.

It is not clear which country was involved, or how the interception was discovered. Western diplomats said they were unaware of the security measures or of any recent discovery of electronic espionage by the Chinese authorities.

Those attending the meetings were told that a South Korean company had used industrial espionage to copy a Chinese product and put it on the market first.

China has generally tried to tighten security since the army crackdown in June 1989, with confidential speeches by President

Yang Shangkun and others were widely circulated.

After the crackdown, access to documents was curtailed, officials were ordered to avoid foreign journalists, and many fewer Hong Kong and Taiwan journalists were allowed to make reporting trips to the Chinese mainland. As a result, leaks have been sharply reduced.

The obsession with secrecy has sometimes caused problems for foreign countries.

The United States, for example, customarily keeps on file the phone numbers of leaders of foreign countries in case the president or secretary of state needs to reach them in an emergency. But the Chinese have declined to provide such phone numbers and have instead offered only the number of the duty officer at the Foreign Ministry.

Foreign countries in the past have not been very successful at learning China's secrets.

At the time of the crackdown in 1989, neither the CIA nor any other foreign organization was able to verify so simple a fact as whether Deng Xiaoping, the paramount leader, was alive or dead.

Army Vows Loyalty to Chamorro

Compiled by Our Staff from Dispatches

MANAGUA—General Humberto Ortega Saavedra promised the army's allegiance to President Violeta Barrios de Chamorro in a ceremony marking the formal start of her six-year term in office.

"We swear loyalty and obedience to the president of the republic and to be faithful and jealous defenders of our country's independence, sovereignty and territorial integrity," said General Ortega, the Nicaraguan military commander, as Mrs. Chamorro stood by his side in a Managua plaza Thursday.

Mrs. Chamorro took office after defeating President Daniel Ortega Saavedra, General Ortega's brother. Mr. Ortega was a leader of the Sandinista National Liberation Front, heading a government that was involved in a long confrontation with the United States.

There were doubts that the armed forces would transfer their allegiance to Mrs. Chamorro, who had the backing of the United States and of guerrillas who waged war against the Ortega government. Some critics of the Sandinistas have accused General Ortega of undermining Mrs. Chamorro.

Then, earlier this week, Mrs. Chamorro's government defied pressure from its political allies and defended General Ortega against criticism in the transfer of Soviet-made anti-aircraft missiles from Nicaragua's army stockpiles to Salvadoran guerrillas.

Aides to Mrs. Chamorro asserted that the secret shipment, acknowledged by the army on Jan. 2, was the work of a handful of renegade Sandinista officers. They have absolved General Ortega of responsibility for a breach of discipline in an army that he has controlled with rigid authority for more than a decade.

(Reuters, NYT)

China Bars Foreign Press at Trials

United Press International

BEIJING—A Beijing court official said Friday that Chinese law barred foreign reporters from witnessing the trials of dissidents in the democracy movement. Court notices indicated that another such hearing had begun.

Family members of some defendants also reported being excluded from the trials. Relatives of at least one dissident said they had learned of his prosecution from friends and reporters.

The latest trial was that of Liu Zihou, the 16th defendant known to be prosecuted as a principal activist in the 1989 democracy movement, which was crushed by the army on June 4, 1989.

The trials of the activists, including several students, began Jan. 5. A document posted outside Beijing's Intermediate People's Court said that Mr. Liu, 34, was being tried for "armed inciting of rebellion."

He was accused of building barriers to block troops and of helping to build the Goddess of Democracy statue in Tiananmen Square.

China has sought to portray its criminal system as open, saying that reporters and diplomats would be allowed to attend trials in accordance with court rules.

But no Western reporters or diplomats are known to have been allowed to attend any of the current trials of dissidents.

A Beijing People's Court spokesman, Zhao Zunsheng, was unable to cite specific rules barring reporters from criminal trials, but said the ban arose from the court's informal interpretations of a 1979 Supreme People's Court regulation.

"According to our understanding of the Supreme People's Court regulation," Mr. Zhao said, "foreign reporters are not allowed to attend court cases dealing with internal affairs."

J. McVicker Hunt Is Dead, Expert in Child Psychology

New York Times Service

J. McVicker Hunt, 84, a psychologist whose research into the early development of children was a major influence in inaugurating Project Head Start in the 1960s, died Wednesday in Urbana, Illinois.

He died of the effects of a stroke suffered in December, according to the University of Illinois, where Dr. Hunt was professor emeritus of psychology.

In 1954, three years after leaving research and teaching posts in New York City to join the Illinois faculty, Dr. Hunt began to focus his studies on the effects of experiences on human development in infancy. In his book "Intelligence and Experience" in 1961, he showed the importance of early experiences on children's psychological development and intelligence.

The book was considered a factor in persuading the Kennedy and Johnson administrations to make the Head Start program a phase of the war on poverty. The program addresses the health, education and nutrition of poor preschool children.

Dr. Hunt's work was also credited with inspiring, both in the United States and abroad, a greater research on the role of early experience. He lectured in Germany, Sweden, Israel, Australia, Canada and South America.

In 1966, Dr. Hunt published, in collaboration with Ina C. Uzgiris, a former graduate student, "Assessment in Infancy," which described

stages of a child's psychological development.

Dr. Hunt was born in Scottsbluff, Nebraska. He received bachelor's and master's degrees from the University of Nebraska and a doctorate from Cornell University.

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THE GULF: On several fronts, preparations and practice for war

Mock War: Fiery Trenches, High Losses

By Douglas Jehl and Melissa Healy

Los Angeles Times Service

WITH U.S. FORCES, Saudi Arabia — As U.S. troops assault models of Iraqi fortifications they might have to storm in the Saudi Arabian desert, military sources say that projected casualty rates in some exercises have exceeded 50 percent killed or wounded.

U.S. combat engineers, working from satellite photographs and other intelligence data, have built full-scale models of the Iraqi positions and will soon add trenches flooded with blazing oil.

When soldiers attacked these fortifications, the results have underlined the potential costs of a ground war against the more than 270,000 Iraqi infantrymen dug into positions the full length of the Kuwaiti border and 160 kilometers (100 miles) into Iraq itself.

In a recent exercise at a California military training ground, a brigade-size army unit of almost 2,000 men was ordered to breach a "triangular strong point" occupied by a far smaller mock-Iraqi unit. The American force lost roughly a third of its numbers, sources said.

Based on the results of about 180 brigade-sized mock battles against these and similar fortifications, the Marine Corps recently told its members that "losses to breaching efforts can run over 50 percent."

Military analysts predict that U.S. forces will not mount a full-scale frontal attack against the strongest portions of the Iraqi defenses. Instead, they are expected to use aerial and artillery bombardments to soften the enemy lines, then employ flanking movements and other tactics to exploit vulnerabilities.

Nonetheless, the fortifications are so extensive and deep that — barring a complete collapse of Saddam Hussein's forces early in any conflict — U.S. and allied commanders believe they will have to penetrate some parts of the Iraqi lines.

"At the end of the day," said Brigadier General Christopher Hammerbeck, commander of a British Army brigade here, "I think we'll have to throw them out."

Exercises using detailed mock-ups of the Iraqi defenses have been conducted both in Saudi Arabia and at the army's National Training Center at Fort Ord, California.

Operation Desert Shield commanders recently directed military engineers to add the flaming trenches to the other Iraqi-model earthworks constructed here for assault training.

Some commanders fear that in the event of a U.S. attack, the fortifications, blazing with piped-in crude oil, could keep attacking American troops at bay in vulnerable positions well

short of Iraqi bunkers. They hope to use the new models to experiment with ways to put out the oil fire.

So far, the so-called "flare pits" have defied conventional solutions, generating a wall of heat so intense that combat engineers are unable to get close enough to plant explosives to blow up the ditches.

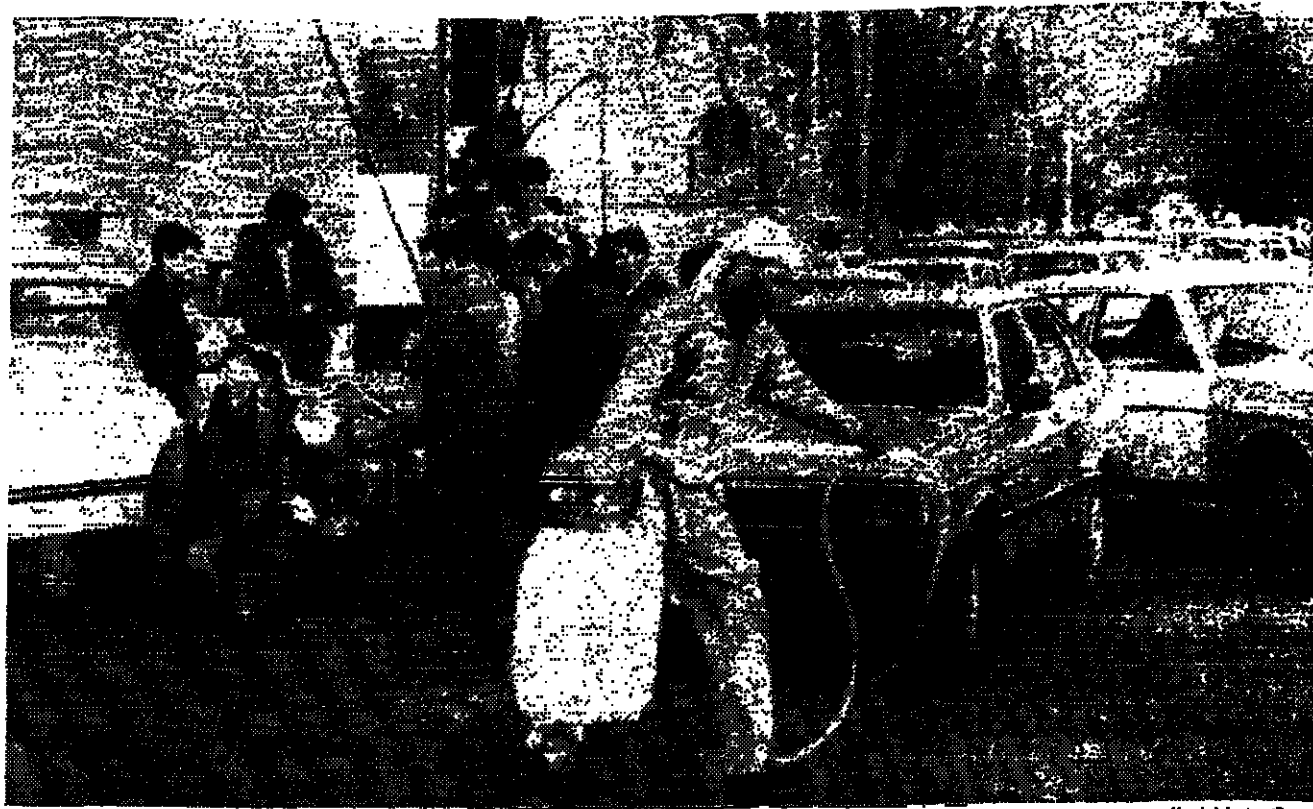
One newly built course modeled on Iraqi fortifications presented a killing zone 700 meters deep and lined with an array of obstacles, including a 4.5-meter (15-foot) earthen wall, rows of concertina wire and terrain scattered with explosive mines.

In combat, officers said, attackers would be forced to slow their charge at the same time they were under heavy fire from Iraqi defenders.

Attacking troops contained in that zone for five to seven minutes by the defenses "will probably be damaged or destroyed by direct or indirect fire," the Marine Corps instructed its members in a recent report.

Some, however, still held out hope that troops would be able to find a vulnerable point that will enable them to bypass at least the worst of obstacles.

"Simply put," said Captain Ralph Clivison, "we're just going to have to go around them if they're as nasty as they say they are."



BAGHDAD AND TEL AVIV DIG IN — Iraqis lining up to buy gasoline Friday in Baghdad, above, after the government ordered them to stock up. Below, Israelis buying plastic masking tape to seal their homes and apartments in case of a gas attack by Iraq if war erupts.



Clivison/Agence France-Presse

Iraq May Offer Post-Deadline Deal On Pullout, Arab Envoys at UN Say

By Paul Lewis

New York Times Service

UNITED NATIONS, New York — Arab diplomats say they have been told that Saddam Hussein plans an initiative soon after the United Nations deadline of Tuesday for giving up Kuwait that will express his support "in principle" for pulling out of Kuwait and simultaneously call for an international conference to address Palestinian grievances against Israel.

The Iraqi president, whose diplomats said, is expected to wait until a day or two after the United Nations deadline has passed to make his statement to demonstrate he has not been intimidated.

He also is expected to seek international guarantees that Iraq will

not be attacked, and to propose negotiations on disputes between Iraq and Kuwait, the diplomats said.

[Iraq denied the report. "We categorically deny such reports which are absolutely untrue," the Iraqi information minister, Latif Nasif Jasim, said in a radio broadcast Friday monitored in Nicaragua.

"There is no initiative or plan except President Saddam Hussein's initiative which his excellency announced on Aug. 12," he said, referring to Baghdad's effort to link talks on the Gulf crisis with standstill for Palestinians, Reuters reported.]

While Mr. Hussein has hinted that he might respond in some fashion to a linking of the two issues, he has never said that he would leave Kuwait.

It was impossible to confirm that Mr. Hussein in fact would make the kind of statement that the Arab diplomats at the United Nations said they had been told about.

Those diplomats, from Arab countries aligned with the Saudis and Americans against Iraq, said Thursday they had received reports of such an impending Iraqi initiative from Algeria, Jordan and Yemen.

The diplomats said they had no doubt that the Bush administration would reject such an Iraqi propo-

al, because of the linkage between the Kuwait withdrawal and the Palestinian question and because there would be no guaranteed deadline for an Iraqi pullout from Kuwait.

But the diplomats said such an Iraqi move could strengthen the hand of those in the U.S. Congress and elsewhere who want to give economic sanctions more time to force Iraq out of Kuwait.

They also said that any negotiations that Iraq offers on unresolved issues with Kuwait — such as ownership of the Rumaila oil field and the islands of Bubiya and Warba — could drag on almost indefinitely, leaving Baghdad still in control of Kuwait.

Meanwhile, Mr. Hussein could reinforce his position as a hero to the Arab masses by asserting that he had linked the surrender of Kuwait with new steps to settle the Palestinian issue and force Israel to give up the Arab territories it occupied after the 1967 war.

"Frankly, it's a nightmare scenario," an Arab diplomat said.

EC Medical Aid for Somalia

The Associated Press

BRUSSELS — The European Community approved \$871,000 in emergency medical aid on Friday for victims of civil war in Somalia.

Bush Sends Aide To Israel With a 'Lay Low' Message

Washington Post Service

WASHINGTON — President George Bush has called Prime Minister Yitzhak Shamir to ask that Israel "lay low" and "stay out" of a potential Gulf conflict, according to a senior U.S. official.

Administration officials said Mr. Bush phoned Mr. Shamir on Thursday to tell him he has sent Deputy Secretary of State Lawrence S. Eagleburger to Israel to discuss the Gulf crisis and to ask that Israel not consider a preemptive strike against Iraq despite Baghdad's announced intention to attack Israel if war erupts in the Gulf.

The message, an official said, was that Israel should not "play into Saddam's hands" by turning the conflict into an Israel-Arab confrontation.

Earlier Thursday, Representative Les Aspin, Democrat of Wisconsin and chairman of the House Armed Services Committee, said that the Shamir government had agreed not to make any preemptive strikes and, if it did come under attack by Iraq, to make only limited retaliations.

"It would be an eye-for-an-eye retaliation, or, given the Israelis, probably two eyes for an eye," Mr. Aspin said.

Defecting Iraqi Copters? A Mirage

By Barton Gellman

Washington Post Service

WASHINGTON — The Pentagon says it has finally figured out what happened to those helicopters, the ones with Iraqi defectors aboard that flittered in and out of existence all week in the Arabian sands.

Nothing happened. The Department of Defense can find nothing to confirm those reports, and we do not believe them to be true," a Pentagon spokesman, Peter Williams, said Thursday.

The six Iraqi craft — two of which, according to the Pentagon's first account, ran out of fuel in the Saudi desert, and four

of which landed peacefully at a Saudi air base — were figments of an overheated imagination, Mr. Williams said. Specifically, he said, the report began when a U.S. Marine in the desert "thought he heard helicopters."

In the seven hours it took U.S. Special Operations Command to check out there, the too-good-to-be-true story echoed up through the U.S. chain of command and was issued to news organizations.

The statement Thursday completed a reversal of the sequence in which spokesmen normally handle awkward news reports. In this case, the confirmation came

first, followed by a refusal to confirm or deny, and finally a firm denial.

The Saudi government, whose officials were the first to break the story and the most eager in providing supplementary details, later thundered that the whole thing had been fabricated by foreign reporters. Pentagon officials went from confirming the story to denying it, but briefly occupied what Mr. Williams called "a kind of middle ground."

On Thursday, in a twist, the official Iraqi press agency INA found itself agreeing with the Pentagon.

"It never happened," an INA reporter said.

Dutch Beef Up Mideast Force With Missiles

The Associated Press

THE HAGUE — The Defense Ministry said Friday was sending two Patriot anti-air missile systems and up to 200 air force personnel to Turkey's southeastern border with Iraq.

The deployment brings to about 900 the number of Dutch military personnel committed to the Gulf, although none are ground troops who would take part in an attack on Iraq.

The conventionally armed missiles are being flown from a NATO base in Germany in the next few days by an U.S. military transport, the ministry said.

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THE GULF: Wary of terrorism, U.S. steps up security measures

Echoes of '60s: Anti-War Drive Builds

By Michael deCourcy Hinds
New York Times Service

NEW YORK — An anti-war movement has been building in the United States since late October, drawing on the legacy of Vietnam War peace campaigns.

Every major religious denomination in the country officially opposes a Gulf war at this time as morally unjustifiable and maintains that economic sanctions need time to work and that negotiations have not been fully explored.

For essentially the same reasons, nine major unions, whose memberships total 6 million workers, announced their opposition Thursday to a war, a sharp contrast to union support of American involvement in Vietnam.

Political bodies are taking stands, too. In Montana, the legislature, the Missoula County Commission and the Missoula City Council are close to passing resolutions calling on President George Bush and Congress to pursue diplomatic and economic remedies to the Gulf crisis, said Representative Pat Williams, a Democrat who has represented Missoula and the western half of Montana in Congress for seven terms.

"This is Middle America speaking," Mr. Williams said.

Although many influential institutions have spoken out against a Gulf war, polls show the nation as a whole divided on the question.

The latest New York Times/CBS News Poll shows almost the same support for a war now as for giving sanctions more time.

In part, the anti-war effort reflects the number of anti-Vietnam War campaigners who now hold positions of power in mainstream institutions. In part, it is an artifact of anti-war positions that the institutions themselves eventually adopted during the Vietnam War, said Todd Gitlin, professor of sociology at the University of California at Berkeley.

The movement has grown slowly in the last five months in the face of widespread public

'Our nation must not submit to the inevitability of war.'
Church leaders' statement

support for Mr. Bush's efforts in bringing nearly worldwide condemnation of Iraq. Demographic variations in polling results suggest where the anti-war movement may be gaining most of its support. Whites are evenly split on the use of force, but blacks favor continued reliance on sanctions by a 2-to-1 ratio.

A majority of Republicans support military action; a majority of Democrats favor sanctions.

Men support the use of force by a 3-to-2 ratio, while women support reliance on sanctions by an identical ratio.

But there appears to be no division among churches. On Monday, 18 church leaders, representing every major denomination in America, published "A Message to the Amer-

ican People" as an advertisement in The New York Times.

"Our nation must not submit to the inevitability of war," it said. "By acting now on a very broad scale, we as people of faith will mobilize on behalf of a peaceful alternative."

An overwhelming majority of the 300 bishops at the National Conference of Catholic Bishops in November endorsed a resolution opposing a Gulf war as morally wrong, a representative said, adding that the conference did not oppose the Vietnam War until 1971.

Nine union presidents wrote an "open letter" to Mr. Bush, published Thursday as an advertisement in The Washington Post. Under the headline "Let the Sanctions Work," the officials said they "emphatically oppose the initiation of offensive military action by the United States at this time."

The unions represented in the letter range from the National Education Association to the Communications Workers of America and the International Longshoremen and Warehousemen's Union.

This kind of institutional leadership provides a national structure and, organizers of peace rallies say, incalculable support for the otherwise fledgling anti-war movement.

Included in the movement's nucleus are peace groups, Vietnam veterans associations, women's organizations, minority advocacy groups, families of soldiers, and those who want the government to spend money on generating jobs, housing the homeless, caring for AIDS patients and rehabilitating drug addicts instead of financing a war.

U.S. to Fingerprint Visitors From Iraq

By Sharon LaFraniere and George Lardner Jr.
Washington Post Service

WASHINGTON — The Justice Department has ordered immigration authorities to begin photographing and fingerprinting anyone entering the United States with an Iraqi or Kuwaiti passport as part of an effort to counter what the administration views as a mounting threat of terrorism.

The Justice Department said the new rule applied to visitors holding Kuwaiti as well as Iraqi passports because Iraqi authorities had confiscated credentials of many Kuwaitis and had gained control of Kuwaiti printing plants during the August invasion.

"While travelers may incur some inconvenience, this is more than counterbalanced by United States security needs," said Deputy Attorney General William P. Barr.

The new procedures, effective Thursday, came two days after the FBI began nationwide interviews of 200 Arab-American business and community leaders. The agency said it wanted to collect information about possible terrorist threats and inform the Arab Americans that it wants to protect them from any backlash.

At a meeting in Dearborn, Michigan, home to North America's largest Arab-American community, Arab Americans called the FBI initiative discriminatory and offensive.

Some civil-rights attorneys were critical as well, saying the initiative

appeared to violate constitutional and privacy act rights of Arab Americans.

"If we were on the verge of going to war with Nigeria, and the FBI started interviewing black Americans, I don't think anybody would stand for it," said David Cole, a constitutional law professor at the Georgetown University Law Center.

Mr. Cole said the FBI interviews violated the principle of the equal protection clause of the U.S. Constitution "that you be treated as an individual and not singled out by your race or ethnic origin."

An administration official said the initiative was clearly within the FBI's legal authority. "Basic constitutional law is that a law enforcement officer can direct an inquiry to any person and that person has the option of either speaking to them or not," the official said.

Computer Is Returned To U.K. Defense Office

LONDON — The thief who stole a laptop computer and classified documents on the Gulf from a Royal Air Force staff car has returned it to the Ministry of Defense in an unmarked car, a defense spokesman said Friday.

The spokesman said the computer, which was stolen Dec. 17 in London, had been returned Monday. The documents had been found earlier.

Officials declined to comment on what other measures might be taken to stem the possibility of terrorist attacks in the United States.

Asked about the possibility of prescriptive arrests, an FBI spokesman, Thomas F. Jones, said, "I can't speak for other countries, but the FBI has no plans along those lines."

The Justice Department decided against a proposal that would have required the Immigration and Naturalization Service to fingerprint and photograph all visitors with Iraqi or Kuwaiti passports who have entered the country since August. Officials said about 8,500 Iraqis and more than 5,000 Kuwaitis students were now in the United States.

Most in Poll Back Bush and Expect War

Washington Post Service

WASHINGTON — Most Americans believe war with Iraq is inevitable and say they support the way President George Bush is handling the Gulf crisis, according to a new Washington Post/ABC News Poll.

But two-thirds of those questioned said the administration should be more flexible on the question of an international peace conference

on the Middle East and support a meeting on Arab-Israeli issues if Iraqi troops are withdrawn from Kuwait.

Nearly 90 percent of respondents said they believed war was inevitable, and more than two-thirds said they approved of the way Mr. Bush was handling the situation in Gulf.

But 80 percent said the United States should hold additional talks with Iraq before

the United Nations deadline on Tuesday for an Iraqi withdrawal, and 53 percent said the search for a diplomatic solution should continue after the deadline expires.

The nationwide survey of 511 adults was conducted after the failure of talks in Geneva on Wednesday between Secretary of State James A. Baker 3d and Foreign Minister Tariq Aziz of Iraq.

U.S. Expects Terror Attacks

Reuters

WASHINGTON — The State Department said Friday that terrorist attacks against Americans were expected to increase significantly if war broke out in the Gulf.

A deputy State Department spokesman, Richard A. Boucher, said the government had evidence that "terrorists supported by Iraq are planning to mount attacks in most regions of the world."

The Middle East and Europe were considered the most likely areas for the attacks, he said. While the United States had

found increased evidence of planning for terrorist attacks since Iraq invaded Kuwait on Aug. 2, he said, it had no information about a specific threat.

"Should specific and credible information on a threat to the American public be received," he said, "the Department of State will provide information for travelers and other concerned parties."

He outlined steps that could minimize the risk of attack. These include reviewing department advisories about which countries are safe for travel.

GULF: Only Solving Palestinian Issue Can Prevent War, Iraqi Leader Says

(Continued from page 1)

conference caught the delegates by surprise.

When the Iraqi leader entered the auditorium, the delegates gave him a standing ovation, chanting, "Allahu Akbar," or "God is great." As he moved among the delegates, many of them embraced him emotionally.

The Iraqi leader's speech fell on the last Friday before the deadline, and on this Muslim holy day, Baghdad's mosques were filled with worshippers who were treated to uniformly militant sermons from prayer leaders calling for a jihad against the Western "infidels" and "atheists" subverting the land of the holy shrines in Western Saudi Arabia, as one sermonizer put it.

"This is a showdown between the infidel and believers," he said, "between good and evil."

The Islamic leaders, 350 foreign and 700 Iraqi, were not meeting under the umbrella of any international Islamic organization but by special invitation from Iraqi religious authorities.

Among them was Louis Farrakhan, leader of the Chicago-based Nation of Islam. He later called on the United States to "step back" and allow a court of Islamic scholars to settle the dispute.

In his speech, Mr. Hussein defended his invasion of Kuwait, describing it as an attempt to end the "corruption" of the Kuwaiti royal family and to "purify Islam."

"Many have spoken of international legitimacy and law," Mr.

Hussein said, referring to the outcry after the invasion, "but if we are reviewing international legitimacy and laws, let us start with Palestine."

"If the international community behaved in a balanced manner, all things would be open for application of international legitimacy," he continued, adding, "Whether they solve the problem according to international law or not, Palestine will return to the Palestinians."

Mr. Hussein said the strength of the Iraqi armed forces in any war would be its combat-tested and well-entrenched infantry forces.

He said his commanders were ready to fight Western high-tech weapons with soldiers who had been disciplined to carry out a war even if cut off from their commanders

by electronic warfare jamming or other disruptions.

"They will try to locate our headquarters and disrupt our communications," he said, "but we don't need communications, because we have held exercises to overcome such situations for over one year."

Of the United States high-tech weaponry arsenal, Mr. Hussein said: "All the technologically advanced weapons will be tested on the battlefield, and they will see how their weapons will be dropped."

"We are people who do not speak from military manuals, but from eight years of combat experience. The Americans will come here to perform some acrobatics like in the Rambo movies, but wherever they land, they will find people who will confront them."

- ACROSS**
- 1 Night of the... family
 - 7 Mexican fare
 - 12 Instrumental... dancer
 - 16 ...doble (corrida march)
 - 20 Head garland
 - 21 Cheerful
 - 22 Son of Judah: Gen. 38:4
 - 23 Tabriz location
 - 24 Garden State borough
 - 27 Factor in football
 - 28 Pheasant
 - 29 U.S. film critic
 - 30 What Mollie Bloom said finally
 - 31 Hero
 - 32 Square-root signs
 - 37 Sarcophagus
 - 38 TV's "I Married...": 1967
 - 40 Coeur d'Alene
 - 41 Norman town
 - 42 Guano's descendant
 - 46 Petty prince
 - 48 Patrick Desautels' opera: 1947
 - 51 Thomson-Stein
 - 54 Distrustful
 - 55 Defective vision
 - 57 Sanbar, e.g.
 - 58 Achilles' nephew
 - 60 Seasoning for Bardo

- DOWN**
- 1 Make peace
 - 2 "A Chorus Line" show-stopper
 - 3 Staff
 - 4 Nabokov opus
 - 5 Bridge holding
 - 6 The end
 - 7 Number of Trevi coins
 - 8 Ethereal
 - 9 Checked the joist
 - 10 Singular reflexive
 - 11 Hordeum
 - 12 Cable-car V.L.P.
 - 13 Coll's big sister
 - 14 Like Kate in Act V
 - 15 Aho opens
 - 16 Featherlike
 - 17 Hard-core
 - 18 Nigerian singer
 - 19 Unique fellow

- ACROSS**
- 118 Spike
 - 117 Fiber from a jute
 - 119 Isherwood's treatise on philosophy: 1976
 - 122 Pro's concoction
 - 123 Photographer Adams et al.
 - 125 Cold short
 - 126 "Picnic" playwright
 - 127 Struck a Philistine
 - 128 Composer Janacek
 - 130 Covered with frost
 - 132 Twisted
 - 134 French painter-etcher
 - 138 S.S.S.
 - 140 Chadian town
 - 141 Qualified
 - 142 Augur
 - 143 Dicy predicament
 - 149 Baron Munchausen, e.g.
 - 150 Turkish regiment
 - 151 Competitionists
 - 152 Bowl-game locales
 - 153 Optical device
 - 154 A Yugoslav
 - 155 Last word of Genesis
 - 156 Mercutio's nemesis

- DOWN**
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 - 26 Emulated Yorick
 - 31 Rental document
 - 32 Hurdles for would-be P.T.'s
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INTERNATIONAL Herald Tribune

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For Peace, Declare War

Iraq, says Speaker Thomas Foley, is an "issue of conscience." But that is to say that only one answer is possible. In fact, Iraq is an issue of judgment. Conscientious legislators have different views about it. That is what makes the congressional debate on Iraq so exasperatingly difficult.

That the United States has large stakes in the outcome of the Gulf crisis is no longer a contentious issue. The threshold argument in Congress is how best to pursue those stakes — by the threat of war or by further reliance on sanctions, diplomacy and the military buildup. There are expert analyses to support several courses. It is a close call.

But Congress is not dealing merely with this essentially tactical question. Having chosen to wait until this late moment to address the crisis in a formal way, Congress finds itself pinned against the Bush administration's determined, United Nations-sanctioned effort to enforce the UN's Jan. 15 deadline for Iraqi withdrawal from Kuwait. So a second and more urgent argument necessarily comes into play: whether to try to make the Bush administration's strategy work. This is not simply a matter of supporting the president, although it is partly that. It is a matter of supplying him

with the vote of confidence, the showing of support, to strengthen his hand at the moment when doing so in a powerful way can influence the calculations of Saddam Hussein and win him over to withdrawal.

It is no longer seriously disputed that Saddam Hussein is a menace to regional peace and global order, and that he had best be reined in before he becomes an even greater menace. This is what the U.S. government has attempted to do. Now comes the squeeze. Can there be any question as to how Saddam Hussein would read a congressional vote that denied President Bush the authority to use force in conformity with international mandate and national policy alike?

A war in the Gulf could have incalculable and horrible effects, and we are not calling for the country to launch an attack. But we do support putting in the hands of the president — a president who personally knows something about war — the authority to make a more plausible threat in these eleven-hour circumstances. Our judgment is that Congress, by deciding to authorize the president to conduct war, materially improves his chances of achieving peace. It is a risk, and we would take it.

—THE WASHINGTON POST.

'Linkage' Doesn't Work

If the facts are against you, pound the law; if the law is against you, pound the table. In his extraordinary piece before the bar of world opinion, Foreign Minister Tariq Aziz of Iraq adroitly embraced this old chestnut of lawyers' advice. He ignored President Saddam Hussein's rape of Kuwait in his news conference after his empty Geneva meeting with Secretary of State James Baker. The proposition he pounded instead was that "what happened on the 24 of August" arose from Iraq's compassionate concern for the Palestinian cause.

This argument constitutes untenable, brazen bluster worth rebutting because hostilities may be imminent — and because of new hints of a murky "Arab solution" involving unacceptable linkage.

Mr. Aziz rightly argues "this situation" (meaning Iraq's invasion and annexation of Kuwait) is part and parcel of "a general situation in the region" (meaning Israel's occupation of disputed territory). But how does Iraq's refusal to relinquish Kuwait advance Iraq's professed goals: peace, security and stability in all the Middle East?

Iraq's naked conquest of a sovereign state and UN member prompted this crisis. But to hear Mr. Aziz this was some mere misdemeanor, and besides, Kuwait's very name has been erased; it is Iraq's 19th province. As for Israel, it is not annexed the West Bank or Gaza Strip; indeed, it yielded Sinai to Egypt, its only Arab

neighbor willing to take risks for peace. As Mr. Baker remarked Wednesday, nobody seriously believes Iraq invaded Kuwait as a favor to the Palestinians — certainly not the Arab states now in the coalition opposing Saddam. Iraq struck for reasons of power and profit, yet now contends its more brutal occupation of one Arab land is meant to protest the occupation of another.

However flawed the parallel, it may still seem to have rough justice — especially to Arabs and Europeans who fear a calamitous war. Decades of Israeli resistance to territorial compromise have left a diplomatic burden. Even so, the right response is not link separate disputes. It is to reaffirm consistent and reasonable American policies — and make plain Washington will stand by its friends in the event of an unprovoked Iraqi attack on Israel.

This is what Mr. Baker tried to do at Geneva. He recounted determined U.S. efforts to bring about substantive negotiations between Israel and Palestinians. President Bush's words to the United Nations on Oct. 1 bear repeating: Once Iraq leaves Kuwait, there will be opportunities "for all the states and peoples of the region to settle the conflict that divides the Arabs and Israel."

The obstacle to that generous hope does not lie in Washington or Jerusalem. It is lodged where this crisis began, in Baghdad.

—THE NEW YORK TIMES.

How the Army Voted

"Papa Doc" Duvalier is dead and his son "Baby Doc" in exile, but elements of the Tontons Macoutes, the gangster force by which they long misruled Haiti, have lingered on. Here lies the significance of the coup launched last Sunday by Baby Doc's former interior minister, Roger Lafontant. Barred by his Duvalier past from running for president, he nonetheless had returned to the island to find a way back into power. The provisional president, Ertha Pascal-Trouillot, did not feel confident enough to arrest him for alleged political violence, but Jean-Bertrand Aristide, who was elected Dec. 16, had promised to do so when he takes office on Feb. 7. So Dr. Lafontant rallied a small band and seized the palace Sunday. What happened then amounts to the best news for democracy in Haiti in decades.

Dr. Lafontant, an obstetrician, claimed the December elections had been fraudulent. Such a claim might have won some credence in years past. But the December elections had been closely monitored and then certified by the National Democratic Institute for International Affairs and other organizations in the hemisphere. And the coup was

nothing more than a crude power grab. The Haitian army command, meanwhile, swung decisively to the side of the provisional president and the president-elect: to the side of democracy. Within hours the coup makers had been rolled up. Some ugly street violence followed against Tontons Macoutes and suspected Duvalierists. Nonetheless, in a country long known for military intervention and contempt for democracy, the army came through when it counted. It was a kind of second election in the most trying circumstances. In this one only the army "voted," and it came through with flying colors.

If this failed coup was in fact the Duvaliers' last hurrah, that leaves Haiti still laboring under immense burdens. The Tontons Macoutes may have been reduced, but the structures and habits of democratic government remain to be built, and Haiti remains the poorest country in the hemisphere. The United States gave timely encouragement to the democratic forces during the coup period and must be prepared to play a substantial part in the country's revival.

—THE WASHINGTON POST.

Other Comment

The Israeli Factor and Others

Question to Foreign Minister Tariq Aziz: "If the war starts in . . . the Gulf, will you attack Israel?" Answer: "Yes."

Statement from President Hamei Mubarak: "We will not permit an Israeli involvement . . . in the Gulf crisis. If [Israel] did, Egypt would take a different position." According to Chairman Les Aspin of the House Armed Services Committee, Egypt and Syria have assured Washington they will not pull out of the coalition if Israel merely responds in kind against an Iraqi attack and then stays out of the conflict. Duration, not magnitude, is controlling.

Presumably, Washington's understanding with its Arab partners in the coalition would apply to an Israeli exchange of blows, whether it takes place before or after hostilities break out between Iraq and U.S.-led coalition forces. But Mr. Mubarak's comments illustrate how difficult it is for an Arab leader under economic pressure to oppose a Baghdad regime that is pulling out all stops to convert its rape of Kuwait into a heroic action on behalf of an independent Palestine. In these final days, anything is possible. What the focus on Israel demonstrates is

the correctness of the Bush administration's view that the anti-Iraq coalition is so fragile it cannot be counted upon to endure until sanctions free Kuwait.

—The Baltimore Sun.

There is no good war, but sometimes a bad peace can be worse than war itself. A peace that left Saddam Hussein unchallenged in Kuwait would be truly bad. It would mean sacrificing a high principle: No country has the right to overrun and annex another. It would mean abandoning a great interest: secure access to the oil of the Gulf, on which the prosperity of the whole world has come increasingly to depend. And, because of those two things, it would mean accepting a peace that was no peace at all, merely the lull before a bigger explosion.

—The Economist (London).

Iraq will not win the war, but then no one else might. A quick military victory over Baghdad is not guaranteed. Anti-Western terrorism could emanate from a defeated Iraq, repeating the history of terror that followed the Six-Day War. Peace must be given a chance up to the last moment. However, the final objective must remain Iraq's withdrawal from Kuwait.

—Business Times (Singapore).

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OPINION

A Just War? Yes, but Only Approximately

By William Pfaff

PARIS — It is late, probably too late, to consider war in the Gulf in the light of the traditional criteria for a just war. These were the product of medieval Christian philosophical speculation but have been generally acknowledged (if infrequently observed) ever since, at least in the West.

The American strategic policy community in the 1950s and 1960s returned to the principles of just war in some of its debates over the moral issues posed by nuclear weapons. They were also a factor, if a minor one, in the Vietnam War debates.

The traditional rules, stated briefly, are that a just war must (1) be undertaken by lawful authority, (2) the purpose of vindicating an undoubted right, certainly infringed. It should (3) be a last resort, all peaceful measures exhausted, and (4) the good sought must outweigh the evils the war will produce. There must (5) be a reasonable expectation of victory for justice and (6) the right intention, which is to say an intention to do justice and not merely maintain or aggrandize national prestige or influence. Finally, (7) the methods of war must be legitimate and proportionate.

In the Gulf affair no doubt can exist about the first criterion, since the United Nations itself has authorized the use of force against Iraq. The second is met as well: whatever the merits of Iraq's claims against Kuwait, its invasion and the brutalities subsequently committed are undoubted injustices.

Trouble begins with the third criterion. An important part of the allied cause, and of congressional and public opinion in the United States, implies that sanctions should be given more time to work: that the alternatives to war have not been exhausted. The latter clause is true.

Against this, those who favor early military action make a prudential argument, saying that both sanctions observance and the unity of the alliance are at their peak now, but that both will weaken as time goes on.

These people claim that the allied military force cannot be kept in the field long enough for sanctions to be fully tested. Political tensions in Saudi Arabia, and the arrival of pilgrims to the Holy Places in the spring, will make the foreign troops' presence increasingly unacceptable. Mo-

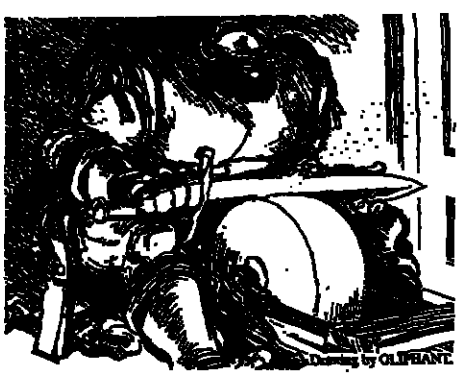
rale problems will mount, and the force will lose its military edge.

A belief that the good to be achieved by a war is greater than its evil (rule 4) obviously underlies the whole enterprise. George Bush and his colleagues believe that defeating Saddam Hussein can transform the situation in the region and confirm the moderate leadership of such figures as President Hosni Mubarak of Egypt and King Hassan of Morocco. They argue that punishing Iraq's aggression will prevent other acts of international aggression in the future.

One could object that their argument lacks a serious grasp of the dynamics of international conflict; but this is what they say, and undoubtedly it is what they believe. Hence, if the Bush administration's own policy assumptions are accepted, the fourth criterion for a just war is met.

Rule five is that there must be a reasonable expectation of success. Militarily, this exists. That winning a war will prove a victory for justice is less sure.

Are American intentions pure? No; the desire to maintain U.S. national prestige obviously has played a large part in what has gone on. On the other hand, the UN endorsement of U.S. policy



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Finally Facing the Truth, Bush Needs Their Support

By A. M. Rosenthal

NEW YORK — The message was clear all along. It did not take a meeting between the U.S. secretary of state and the foreign minister of Iraq to deliver it.

But it was not Saddam Hussein who refused to hear the message. It was the United States, its Western allies and the Arab nations.

The man is not inscrutable or mysterious. That is not his nature. He is the fantasy product of the West's fear and in which the West and the Arab nations imprisoned themselves. He is as direct and plain as Hitler and over and over he delivered his message: He would rule the Middle East.

One way or another, he would rule — by blackmail and terror when possible, by direct attack when necessary and finally through Unholy War. Israel would be the proclaimed enemy. But the greater enemy of Saddam was and is the West, its influence in the Middle East, and the values of political liberty it is supposed to stand for.

But, in candor and stupidity, the West would not listen to Saddam any more than it listened to his plain-speaking models: Hitler and Stalin. The West, and Iraq's neighbors, thought that some way, someday,

they could stop this man, steer him away from his lifetime commitment to empire by giving him more money, more military power. All they asked was that he pay his weapons bill on time and not put his pistol to their own particular heads.

None of this worked, any more than Munich worked with Hitler. Nor the poison gas plants that West European businessmen and scientists built for him. Not the missions by fawning members of Congress. And not Washington's gifts of diplomatic appointment, such as approving credits for food that he could divert to his armies. None of this filled his hunger. Fat with Western arms and credit, Saddam Hussein decided that after Iran his next target would not be Israel, what do you know, but Kuwait. After all, America's ambassador told him the United States was not very interested in matters of Arab borders.

So moving the border all the way across Kuwait must have seemed safe to him. That may have been a mistake. But so far he has lost nothing. He is now the most important Arab alive, and some of America's allies are doing

their best to make sure he doesn't lose a thing but gets stronger. France, ever reliable, is trying to work out a trade. Get out of Kuwait and we will force Iraq to accept a Palestinian state. You will be a bigger hero than ever! But now President George Bush hears and understands the message from Saddam Hussein. He is willing to put off the ultimate struggle by promising Saddam safe haven at home if he gets out of Kuwait. That offer of a guaranteed fortress could turn out to be a historic error.

In any case, the president now confronts the truth that Saddam will not be frightened out of Kuwait by an embargo that so many of America's allies are jitching to end, and that it will take force or the readiness to use it to get him out.

Why should the Iraqi dictator accept a Jan. 15 date voluntarily? There is a chance that before or soon after war starts he will offer withdrawal as a sign of retreat. But whatever happens, Mr. Bush needs the political support of Congress. He merits it, and so do the American people, at home and in the desert.

The New York Times.

For Sanctions And Patience

By Sam Nunn

The writer, a Democrat from Georgia, is chairman of the Senate Committee on Armed Services.

I CONTINUE to favor President George Bush's original strategy in the Gulf — economic sanctions, a continued military threat and patience.

Iraq is unique in its vulnerability to economic embargo. The international blockade has succeeded in cutting off almost 100 percent of Iraq's exports (mostly oil), stopped over 90 percent of all imports and reduced its GNP by an estimated 50 percent. Economic sanctions are international and are supported by virtually the entire world. A war — no matter how successful — will be viewed as an American crusade by much of the Arab and Islamic world. To those who say that economic

sanctions do not guarantee that Iraqi forces will withdraw from Kuwait and conclude we must go to war after Tuesday absent a diplomatic settlement, I reply: What guarantees do we have that a war will be brief and that American casualties will be light? No one knows whether a war will last five days, five weeks or five months. In large measure, the scope and scale of the hostilities, once begun, will be determined by Iraq's willingness to absorb massive punishment and fight on. An Iraqi military collapse cannot be counted on.

And what guarantees do we have as to the aftermath of the war? Here, too, caution is in order. The president's declared goals include establishing stability in the Gulf and protecting U.S. citizens abroad. Considering the wave of Islamic reaction, anti-Americanism and terrorism that is likely to be unleashed by a highly destructive war with many Arab casualties, it is difficult to conceive of the Middle East as a more stable region where Americans will be safe.

My second conviction is that war with Iraq would be a disaster we should do everything to avoid. I foresee many casualties, the use of chemical weapons by Iraq, terrorist strikes, Israel's involvement and long-lasting turmoil in the Middle East. Repeatedly, I ask myself: When we win the war, what happens then? What happens to the balance of power in the Middle East, to the governance of Iraq, to the stability of friendly governments? Repeatedly, I come to the same answer: While the status quo is unacceptable, the alternative of war is even worse.

I have for some time believed that if I had to vote on the matter, I would vote against authorizing the president to use military force. I have taken concern in the proposition we will soon be voting on here in the Senate: Let's give sanctions a chance to work. But I have concluded that no comfort can be found in that position. It is clear to me that sanctions alone cannot reverse the status quo. Sanctions alone will cause suffering to the civilian population of Iraq, but they will not force the Iraqi army from Kuwait.

The Washington Post.

It Comes Down To Using Force

By John C. Danforth

This is from a Senate speech by Mr. Danforth, a Missouri Republican.

TWO convictions have been foremost in my mind in recent days. First, I am convinced that the United States must not allow the status quo in Kuwait to stand.

In Kuwait, Iraq is the aggressor, and its actions cannot be tolerated. It now controls 20 percent of the world's proven oil reserves, and if undeterred, it could control an additional 25 percent of world reserves in Saudi Arabia by conquest or intimidation. Many people have asked whether this conflict is not "just about" oil. To me, that is like asking whether it is not "just about" oxygen. The vital economic and security interests of the world are at stake.

My second conviction is that war with Iraq would be a disaster we should do everything to avoid. I foresee many casualties, the use of chemical weapons by Iraq, terrorist strikes, Israel's involvement and long-lasting turmoil in the Middle East. Repeatedly, I ask myself: When we win the war, what happens then? What happens to the balance of power in the Middle East, to the governance of Iraq, to the stability of friendly governments? Repeatedly, I come to the same answer: While the status quo is unacceptable, the alternative of war is even worse.

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The Washington Post.

Consider the Terrible Consequences of the Convergence Ahead

By Edward Said

NEW YORK — Many Americans and Arabs, as well as Americans of Arab origin, are watching with almost morbid interest the processes of the United Nations to focus on Iraq's aggression, using sanctions and persuasion. It would have meant reaffirming the many Security Council resolutions enjoining Iraq to end its 23-year-old occupation and annexation of Arab territory. A new world order has to be based on authentically general principles, not on the selectively applied might of one country.

The Gulf is not merely an empty desert with a large pool of "oil" underneath and a whole bunch of sheikhs, terrorists or hitlers on top. It is a place with actual peoples, traditions and societies whose aspirations and values have to be viewed as having merit independent of our needs. It is terrifying to watch Iraq now being readied for mass destruction. First its leader is transformed into the personification of evil. Then Iraq's people and society are reduced to "military assets." Finally, after some arbitrary deadline has expired, Iraqi society is declared a virtual nonentity, to be smashed, agriculture and industry to be torched, roads and bridges to be reduced to rubble.

Western ignorance of Arab and Islamic culture becomes a useful mode of warfare. The enemy is easily demonized and readied for the kill.

For his part, Saddam Hussein is scarcely a representative of the Arabs. And the traditional discourse of Arab nationalism is inexact, unresponsive,

anatomical, even comic. It is as if Saddam had collected all the tainted remnants of Arab culture and tradition, as if he were able to deal with Iraq's noble rhetoric about Arab honor — and forced them into a row of barbers for people to salute.

A central casualty has been language. Today's Arab media are a disgrace. The Egyptian and Saudi press almost without exception seem committed to the destruction of Iraq; their pages permit few denials.

Pro-Iraq newspapers are equally strident. Nowhere is it possible to articulate a third position.

Rarely does one find rational analysis — reliable statistics, concrete and undistorted descriptions of life in the Arab world today with its terrible inequities, its self-inflicted wounds, its crushing mediocrity in many fields.

So overbearing have Arab roles become that the most grotesque situations are tolerated with scarcely a smile. No Arab president or king is accountable to his people.

The bureaucracies and the secret police rule more or less unchallenged, although they are universally hated and feared. Only some of this can be blamed on imperialism or Zionism for, after all, it was the Arab states that deserted the Palestinian *intifada*.

At home all the movement toward war has overlaid any true consideration of what is at stake for our future. Where is the real discussion of Arab wealth, poverty, society? Why do we obscure our discord for individual welfare in a cloud of polemics? The tragedy, then, is that there is a

convergence between an imperialist American will to war against an upstart Third World state and an almost equally remorseless Arab propensity to violence and extremism that began with Iraq's aggression against Kuwait and continues in the Iraqi-Kuwaiti-Saudi-Egyptian drive to war.

A further irony is that this convergence is beginning to look like a conflict between Islam and the West. A sobering look at the terrible consequences of a war that seems ever more likely might set a different course — less impetuous and dreary — for Americans and Arabs alike.

There can be no real winner in this war. It must not begin at all.

The writer is a professor of English at Columbia University and a member of the Palestine National Council. He contributed this comment to *The New York Times*.

100, 75 AND 50 YEARS AGO

1891: Hansemann Dies

PARIS — Baron Haussmann died yesterday (Jan. 11), just before midnight, at his home in the rue Boissy d'Angles — in the very heart of the city which he made the most beautiful in the world. Of him it may indeed be said: "If you want to see his monument, look around you."

1916: Off to the Front

PARIS — With a gay courage worthy of the tradition of their elders, the Parisian youths of the 1917 class left yesterday (Jan. 11) for the various depots, where they will be trained for the grim work of the trenches. Half of Paris turned out to see the youngsters march in their thousands to the city's principal stations. Never, since the time of the general mobilization, has the fine spirit of the French people and their determination to win this war at any cost been so manifest as in this departure of the "blancs," beardless youngsters leaving home

for the first time, with a smile on their lips, dauntless that, now that they are called to the colors, the French shall not find them wanting.

1941: Attack on London

LONDON — The Nazi air force made another attempt to burn London tonight (Jan. 12), showering down explosives and incendiaries on certain districts. Scores of Nazi planes were turned back at the Thames Estuary and jetisoned their bomb loads in marshes under heavy anti-aircraft fire. The raiders began coming over early in the evening, while the capital was still clearing away the debris of last night's raid. Fire engines, sirens and anti-aircraft guns in London and its outskirts set up a terrific clamor. Thousands of volunteer firewatchers ran to their posts. German planes were also in Liverpool and in southern England. Bombers roared across the coast.

— From the New York edition of the New York Herald Tribune.

Drawing New Frontiers for Past Art

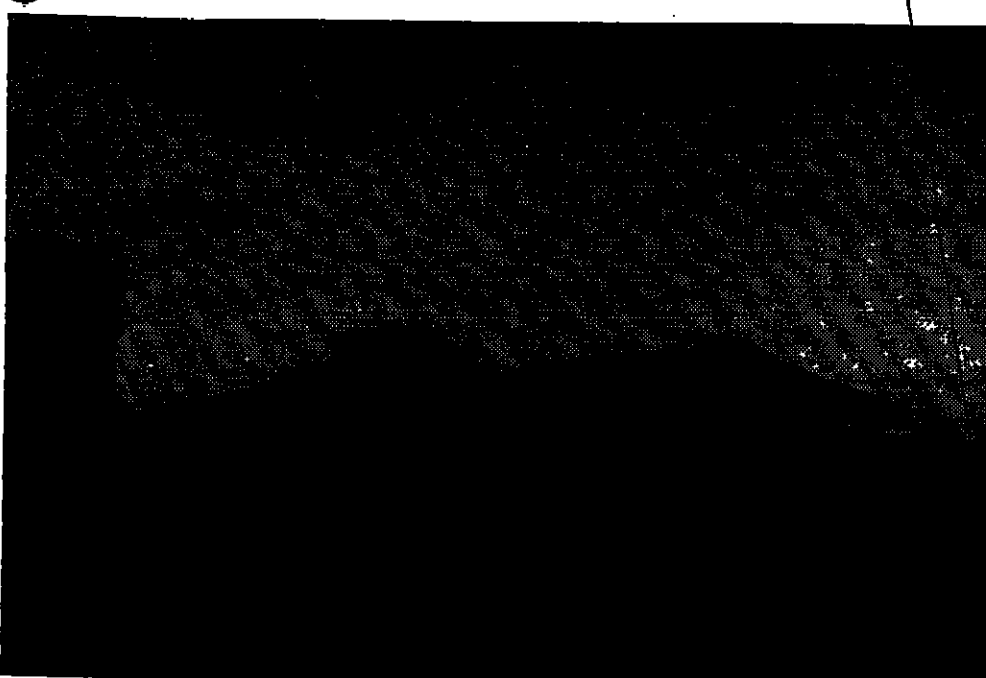
International Herald Tribune
LONDON — The search for new frontiers in the art of the past is stepping up. As the work of famous masters becomes unapproachable to collectors, and a feeling of déjà vu wearies curators and publishers alike, the spotlight turns to artists no one would have deemed worthy of a monograph even 10 years ago. The results can be astonishing.

Professionals are familiar with the name of Liubov Popova. Born in 1889 near Moscow she became a key figure of the Russian avant-garde a quarter of a century later. But even they would be hard put to recognize half the works reproduced in a book titled "Popova," written by Dmitri V. Sarabianov and Natalia L. Adaskina, and published in the English language edition by Harry N. Abrams of New York.

Western specialists of the Constructivist movement, familiar as they are with her geometric figures that seem to be wafted through space, are hardly aware of the way in which these came about. Few have actually seen the experiments with trends of every kind that led up to them — the mixture of Futurist influence and a Naïf strain as in a landscape of 1908 with a fairy-tale feel to it, or the blend of the Cézanne heritage, of Fauvism again, with perhaps a soupçon of Cubism in an enchanting study of trees done about 1911.

The writers themselves take a dismissive view of the latter. Popova left out of the first listing she drew up of her own oeuvre anything prior to 1913, by which time she was established in Paris seeking guidance in a well-known studio, "La Palette." There, Jean Metzinger and other Cubists spread the modernist message. Popova accepted it, with the enthusiasm of the new converts, slavishly copying every form of Cubism that came to her attention. By 1914 she was turning out interpretations of Braque's collages in oils. She even borrowed his subjects as in a "Guitar." The result was one of bewildering diversity.

In 1915, Popova, having absorbed Italian Futurism, produced her first original creations. The Tretyakov Gallery still life "Jug on the Table," with its trompe l'oeil relief effects, has a surreal feel — sheet iron seems to be rippling with a spring out of the canvas. One would like to know how the artist went over from that little-known phase to the ultimate stage in her avant-garde painting, "Painterly Architectonics."



"Roman Campagna," a landscape by the 19th century artist Thomas Cole.

The text, written in a heavy, and sometimes obscure, style sheds no light on the matter. The editors, aware of where their strength lay, have compressed it and provided the most dazzling collection of illustrations found anywhere.

Further surprises come in Part Two, dealing with Popova the designer. More than ever, the style verges on the spooky. Discussing her stage designs, Adaskina notes: "She understood theater as a type of production with its own specific technology, a unique potential for the creation of life. Moreover, in her understanding the emphasis fell not so much on the idea-spiritual or socio-psychological as on the material-concrete aspect." Such books should be viewed rather than read. The stage sets, the theatrical costumes, the puppet show props, the posters and book covers, mostly unpublished, are in themselves worth columns of commentary.

"Popova" sums up the essence of the Russian avant-garde early in this century, as never before — a desperate effort to catch up with the West. The nationalist preoccupation with establishing its originality mainly serves to highlight the dependence on the Western model. Ironically, much the same may be argued about Thomas Cole, the Romantic painter, famous in the United States but almost unknown to Europeans. He has now been propelled into the international limelight with Earl A. Powell's book "Thomas Cole."

"America's first great landscape painter," as Powell calls him, was an Englishman, born and bred in Lancashire, which he left at the age of 17, in 1818, when his family sailed for America. His education in England and his early training in the United States are shrouded in mystery. Cole was a textile designer and an engraver by the time he arrived in the New World. His encounter with a German painter, called Stein, who showed him a book of English engravings, convinced him that he, too, must become a painter.

He studied for a short while at the Pennsylvania Academy of Fine Arts in Philadelphia, where his family settled in 1823. Two years later, they moved to New York. He discovered the Hudson River. And so it was that the Hudson School came into being, one feels tempted, to add, after reading Powell.

HOW Cole, who had not yet been heard of as a painter, emerged as a full blown artist remains unexplained. Two landscapes said to date from 1825 — the date is visible in the color reproduction of one — display some clumsiness in the conventional composition, to say nothing of a stiffly naive figure.

Yet, as early as 1826, this gave way to a highly personal manner with a remarkable sense of endless, deep space and a unique handling of light — dark light with intense rays falling on selected spots. One

is reminded of the English John Crome's moonlit scenes or, better still, of Casper David Friedrich. "Kaaterskill Falls," painted that year, heralds Comber's much later naturalism.

Another view of the falls done in a very different mood is lit up by a kind of Doomsday light halfway across the plunging landscape. The picture exudes an eeriness that does not quite redeem the exaggerated penchant for the picturesque. This comes close to kitsch. Cole often overstepped the border in those years, while also producing masterpieces of poetical landscape painting such as "Sunrise in the Catskill Mountains," now in the National Gallery in Washington.

A trip to Europe in 1829 had a profound impact on the artist. He disliked Turner's advanced work with its impressionist light but loved Claude Lorrain and Richard Wilson. Both influenced him without altering his perception of space or affecting his surprising versatility in manner and mood. Cole could be sketchy in his brushwork and intensely Romantic in feeling as in "Catskill Mountain House," painted about 1843. Or he could come up with precise, serene almost classical landscapes such as "Roman Campagna."

Around 1847 he developed a style uncannily close to some aspects of French Symbolism in the 1890s. "The Cross at Sunset" in the Thyssen-Bornemisza collection,

probably begun that year, opens up new vistas. The artist was never to explore them. In February 1848, Cole was carried off by disease.

The novelty of much of the illustration, including this unfinished painting, is breathtaking. It whets the reader's curiosity. Alas, this is seldom satisfied.

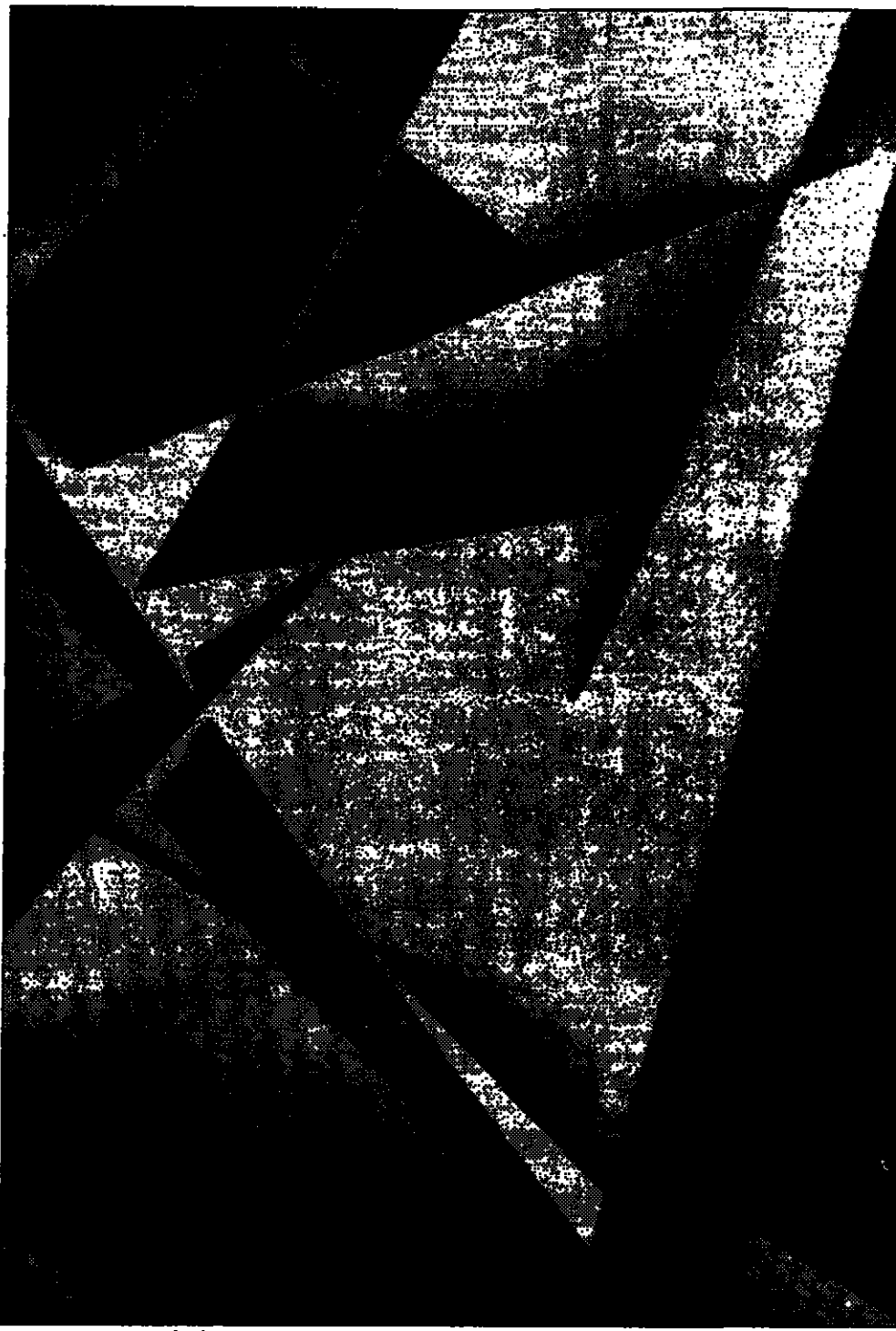
The text provides biographical data loosely strung together and borrowed mainly from the artist's first biography written in 1853. It tells little about the paintings as such. The lack of attention paid to the art, if not the artist, is reflected in the captions. Irritatingly vague, these do not even specifically state if paintings are dated and, if so, where. A listing of the pictures illustrated would seem elementary.

EXPLORING new art venues is an art in itself, which has its limits. These were reached in Vienna this fall, with the Ferdinand Georg Waldmüller exhibition and its catalogue. Written as an art historical essay by Klaus Albrecht Schröder, the book is published by Prestel Verlag of Munich. It makes the point, albeit unintentionally, that some artists had a great start and a rotten ending.

After seeing a few gems — the "Portrait of Frau Rosina Wiser" executed in 1820, or the "Portrait of Herr Joseph Noe" painted a year later — one wonders what led the Viennese artist to turn to unspeakable kitsch. He covered the whole range of it — portraits of pampered young ladies in satin dresses turning back to smile sweetly at the viewer, the toiling Austrian peasantry at home and in the fields, or photographically detailed landscapes.

Incidentally, an interesting experiment in handling light in a country scene — "Parthie aus dem Prater" — turns up at wide intervals, suggesting that Waldmüller had the required painter's skills, with nothing much to say.

The opposite is true of Gustave Caillebotte, who started painting shortly after Waldmüller's death in 1865. Pierre Witzner's "Caillebotte au jardin, la période d'Yver (1860-1879)" focuses on the link between Caillebotte's passion for gardens and his art as an Impressionist artist. The idea sounds good. Alas, the disjointed assemblage of notes is hardly gripping except for gardening historians keen to know what a park at Yver may have looked



"Painterly Architectonics," 1918, by the Russian Constructivist Liubov Popova.

ed like between 1815 and 1848. What turns the volume into a sensation is the reproductions, in color, mostly for the first time, of some extraordinary works, by a man best known as a patron of Impressionist artists. The view of a path in a wood with soldiers stand-

ing under the trees done about 1870; the sketch of the park at Yver, as bold as anything done much later by Vuillard; the astounding "Waterlilies in the Park," all in private collections, reveal hitherto unsuspected facets to Caillebotte.

We thought of him as a very talented petit maître. The book, published by the Editions d'Art Monelle Hayot, yields evidence that he could rise to the highest level. Impressionism has gained another great master, if an intermittent one.

In Design of '90s, What Is Modern?

By Patricia Leigh Brown
New York Times Service

NEW YORK — Look backward, angel. To many architects and designers, this seemed to be the credo of the 1980s. Revivals of revivals, neogothic or other, seemed to be the designer's mission.

Enough! many designers have long thought, and more are now saying outright. It seems a good time to ask: What in our own time might be considered truly modern? What new influences are inspiring architects and designers? In a dark economic climate, where are the beacons to the future?

These questions were put to people who ought to know: architects, product designers, graphics designers and landscape architects. Their answers were far-reaching.

Some found sustenance in ceramic knives and scissors; others, in a growing sensitivity to the natural world. Many are looking to Japan for new forms and technologies. Given the economic climate, designers seem to be trying to "simplify, rather than elaborate," in the words of Deborah Sussman, a graphics designer in Los Angeles.

It is a time of retrenchment, of taking stock.

HARTMUT ESSLINGER, product designer and founder of Frogsdesign, with offices in Menlo Park, California; Altensteig, Germany; Tokyo, and Taipei:

Ceramics as a material are very modern. They're going to be the material for future consumer goods. Kyocera, a Japanese manufacturer, for instance, has introduced a knife and a pair of ceramic scissors with light-blue blades. They're very original. They stay sharp forever, don't rust and have a smooth cut that feels wonderful in the hand.

PHILIP JOHNSON, architect, New York:

One thing that comes to mind immediately is the Vitru Museum in Weil, Germany, by Frank Gehry. It's a wild one. It shows an independence from classical presuppositions. The architect has been able to make the most extraordinary curves, and the lighting is especially good. It shows off the furniture. It's a delicious interior.

KATHRYN HIESINGER, curator of European decorative arts, Philadelphia Museum of Art:

People are looking at thinner and smaller. The objects created by Shiro Kuramata in Japan, for example, are unprecedented in their innovative use of materials and technologies. They don't look like anything else. In his boutiques for Issey Miyake, the steel mesh is practically transparent. He makes the structure and support of objects look insubstantial. There's a wonderful, paradoxical relationship between weight, support and space.

Junichi Arai, another Japanese designer, is exploring new technologies in textile design. His experimental use of computers has resulted in fabrics with triple and quadruple weaves; they pucker in a seersucker effect. He's driven textile technology to new and fabulous degrees.

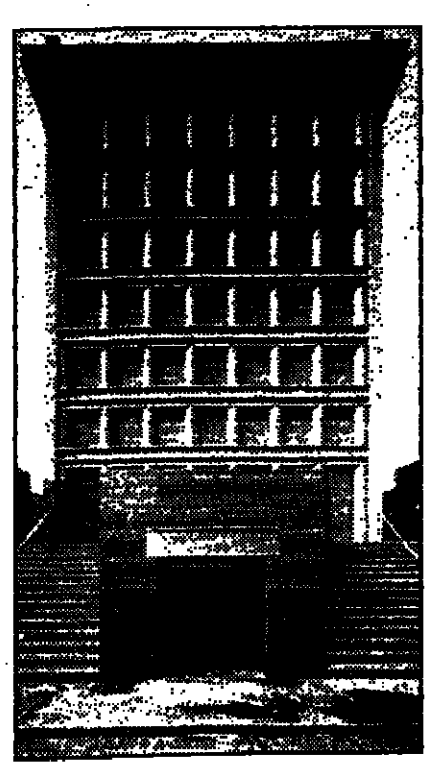
DAKOTA JACKSON, furniture designer, New York:

Two pieces come to mind as modern. The first is the Tango lamp designed by Stephan Copeland for Aetier International. It has an anthropomorphic shape, both futuristic and prehistoric looking at the same time.

I also like the chair designed by Joey Mancini and Gaby Dorell for Sawaya & Moroni, the Italian manufacturers. It's a simple side chair with somewhat sweeping shapes. It's very austere. It refers to a kitchen chair, yet is far more poetic. Both are modern in a contemporary sense. If you can express that without being historically referential, that's modern.

MICHAEL GRAVES, architect, Princeton, New Jersey:

One that springs to mind is Aldo Rossi's Il Palazzo Hotel in Fukuoka, Japan. When you



Aldo Rossi's Il Palazzo Hotel

see the facade of the building from across the river, it bows you over. It blends the rational and romantic. It has a power that hasn't been seen in a very long time.

JAMES WINES, architect, Site, New York:

The protection of our natural environment is clearly the major world concern of the 1990s. The question is: What will be the role of architecture?

The notion of "green" buildings integrates architecture with the existing environment. Through the use of gardens, interior courtyards, terraces, landscaped walls and other elements, buildings can become microcosms of the landscape.

I think architecture will start to look different. Rather than solar panels or buried buildings, our inspirations will be Japanese gardens and Frank Lloyd Wright.

PETER EISENMAN, architect, New York City:

What I see as "new" are not truly modern or revivals. It's a more pluralistic view of architecture: mixing new colors, fragments of the past and science fiction together in strange ways. Just as David Lynch mixes humanity, psychosis and terror all at once, we're taking traditional

architectural conventions and placing them in shocking contexts, to reveal the hidden meanings of forms.

KEVIN WALZ, interior designer, New York:

Right now there's very little encouragement to design anything new. I think this period of time is about being safe. We're at the end of a century, and the furniture that was produced at the beginning of the century was a lot more daring than it is now.

FREDERIC SCHWARTZ, partner, Anderson / Schwartz Architects, New York:

I think people are tired of "how much more can I lay on" architecture. What tries so hard to be new gets old very quickly. In contrast, the chapel at Emory University in Atlanta by Max Scogin gets back to the essence of architecture. In one very small place, it captures light, space and craftsmanship in a magical way. It has a spiritual quality.

DEVAN SUDJIC, editor, Blueprint magazine, London:

The new design for the Dutch post office by Gert Dumbor looks like an anarchist let loose. It's not at all what you expect a post office to look like. This is an unstuffy public design which doesn't try to impress you by looking serious. It redefines what you expect from a post office. It's as if someone redesigned the dollar bill to look like MTV graphics.

FRANK GEHRY, architect, Los Angeles:

Artists like Mike Kelley and Sophie Calle are exploring voyeuristic intimacy and the dark side of our world. There are clues in that for us who are doing architecture. These artists are taking the temperature of the culture.

ERIC OWEN MOSS, architect, Los Angeles:

We've just finished the Gary Group office building in Culver City, California, which is conceived as a picturesque novel, a series of discontinuous adventures. The wall leans back from the street, destroying the sense of equilibrium. The pieces are not static but moving, connected only in the twisted mind of the architect.

DEBORAH SUSSMAN, graphics designer, Sussman / Prejza, Los Angeles:

Much of the '80s was about abstract, referential design. One thing that's happening now is a scraping away of the nonessentials. We're trying to simplify, rather than elaborate.

There's a lot of experimentation going on with inexpensive, unexpected materials. Rather than applying paint in a complex way, we're becoming more involved with the actual material. Color is coming from the material itself.

SUSAN CHILDS, landscape designer, Child Associates, Cambridge, Massachusetts:

One of the most interesting projects is Peter Eisenman's concept for the Baryoles Olympic hotel in Barcelona. The building relates to the existing agricultural patterns and context of the surrounding landscape.

STAN ECKSTUT, architect, Ehrenkrantz, Eckstut & White Architects, New York:

If there's anything positive to say about the economic downturn, it's that it's probably forcing everyone to be more careful, think smaller and take more advantage of our limited resources. They say that sometimes the most creative thinking, such as the WPA movement, is done when times are hard. The economy is giving architects and designers some breathing room. There's more time for thought now, forced or not.

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Sunday, January 20
At 2.30 p.m. room 12. Veste IAP, CARTON ARTIST AND JOURNALIST AT "CANARD ENCHAÎNÉ" - 42 YEARS OF POLITICAL CARICATURE. M^{re} DU MOUSSET-DEBURAUX 105, rue de la Paix, 75116 Paris. Tel.: (1) 47 04 84 83. Fax: (1) 47 55 08 89.

Wednesday, January 23
Room 14 at 2.30 p.m. ISLAMIC ART - ORIENTAL RUGS. M^{re} MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 Paris. Tel.: (1) 48 00 99 44. Fax: (1) 48 00 98 58.

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SATURDAY-SUNDAY, JANUARY 12-13, 1991

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ECONOMIC SCENE

The 'Wall Street Refiners' Stay on Gulf War Footing

By Thomas W. Lippman
and Mark Potts
Washington Post Service

WASHINGTON — When Secretary of State James A. Baker 3d uttered the word "regrettably" in Geneva on Wednesday, an oil trader named Tom Bentz was trying to buy, he said, "and the market was bid up in front of me." He added: "There were just no sellers. The market traded up five bucks in a matter of minutes."

Nothing had happened to the world's supply of oil. No cartel had raised the price of oil.

But with Mr. Baker's disclosure at a new conference that talks with Foreign Minister Tariq Aziz had been fruitless — "Regrettably, I heard nothing in over six hours on any Iraqi flexibility whatsoever on complying with the UN Security Council resolutions" — the world was a step closer to war that could endanger the oil fields of the Gulf.

Scrambling to line up supplies, traders bid the price up almost \$8 a barrel within minutes.

"Somewhere between a speeding bullet and the speed of light was the speed at which it moved," said Peter Beutel, a trader and director of Pegasus Economic Group Inc.

But an hour later, as fears ebbed and some traders cashed in profits, the price retreated.

Wild oil price swings have been occurring since Iraq invaded Kuwait on Aug. 2 and are likely until the crisis is resolved — even though oil is plentiful.

Welcome to the new world of the "Wall Street Refiners," where traders and brokers working for corporations with names little known to the public exert far more influence over the price of oil and gasoline than Exxon Corp. or Mobil Corp. or the Organization of Petroleum Exporting Countries.

THE WALL STREET Refiners are men like Mr. Bentz and John Azarov, senior energy trader at Smith Barney & Co. in New York, who makes deals by telephone and computer in cluttered offices.

Watching the price of oil as it moves second by second, Mr. Azarov uses several telephones to fire off orders to the boisterous trading pits of the New York Mercantile Exchange.

"Our customers are the people who have oil or need it," he said. "We execute the orders for transportation companies, users of oil and oil companies."

Despite the power they exert over the price of oil, many of these traders have never seen a drilling rig or stepped onto a supertanker. As a group, they buy and sell contracts for three times as much oil in a day as the world consumes.

Over the past five months, the Wall Street Refiners have been making minute-by-minute judgments about whether there would be war in the Gulf, when it might happen and whether it would choke supplies from Saudi Arabia.

The market's anticipation of supply disruption, the so-called premium, led traders to bid the price as high as \$41 a barrel in October. Today it keeps the price about \$8 to \$10 a barrel above the \$18 to \$20 level it might have been in the absence of a crisis.

In the past decade, the Wall Street Refiners have changed the way that oil is bought, sold and priced throughout the world, replacing the old system of long-term, fixed-price contracts negotiated in secret between producing nations and the giant international oil companies.

The participants in this world include large and small oil companies, major consumers such as airlines, crude oil producers, including some OPEC members, and several major Wall Street investment houses and their clients.

Today, old-line investment banking firms own oil refineries, keep fleets of tankers on charter and sell gasoline. They also trade

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They have changed the way that oil is bought, sold and priced.

Western German Growth Is Put at 3%

By Richard E. Smith
International Herald Tribune

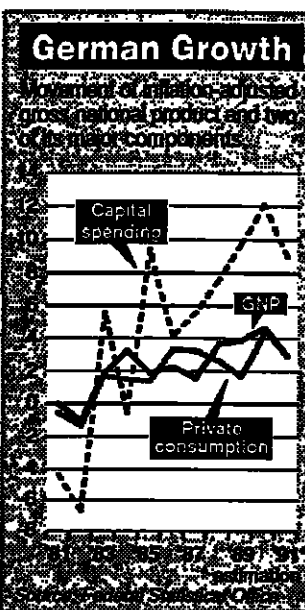
FRANKFURT — Otto Schlecht, Germany's state secretary of the economy, predicted Friday that the economy of former West Germany should grow at a robust rate of 3 percent in 1991 to post a fourth year of strong expansion.

While much of Europe is slowing down and the United States is generally seen already to be in recession, western Germany managed to grow by 4.6 percent in 1990 and at the same time to cut inflation to 2.7 percent from 2.8 percent in 1989.

But government officials cautioned that this textbook performance was due in no small part to the absorption this year of eastern Germany, which primed the economy in western Germany with massive consumer and industrial purchases while suffering a broad collapse itself.

As a result, Germany will again this year be left with a two-track economy in which the western part will function as a powerful locomotive for much of Europe while the eastern part will be undergoing what the economist Norbert Walter of Deutsche Bank has described as "the most abrupt structural change experienced in modern history."

Egon Hölder, president of the Federal Statistics Office, estimated



Friday that roughly 1.5 percentage points of last year's growth was due to reunification. The boost, largely due to an initial wave of consumer buying by eastern Germans, may shrink in 1991 to account for only about half a percentage point of the estimated growth rate of 3 percent, economists said.

Mr. Schlecht predicted that industrial production in the east may begin recovering toward the middle of this year but that unemployment will probably continue to rise for a time after that.

Mr. Hölder did not cite any growth figures for the economy of former East Germany but said the statistical office may try to calculate eastern German growth in 1990 by next March or April. Officials have long complained about the quality of statistics in the east and cited problems in adapting them to western categories.

Analysts said that the economic boom in the western part of the country will continue to be driven by the twin motors of consumer spending and capital spending, even though both are likely to cool somewhat from torrid rates in 1990.

Capital spending rose 12.1 percent in 1990, the sharpest rate recorded since 1970, and Mr. Schlecht predicted that it may slip to a rate between 8 and 10 percent this year.

Consumer spending is also expected to slow in 1991 after the growth rate soared to 4.4 percent in 1990 from 1.7 percent in 1989. Economists said that shifts in consumer spending are important because they account for well over half of overall economic growth. The statistics office noted that

consumer spending was especially heavy last year due to immigration into western Germany, to a tax reform that provided consumers with an extra 25 billion Deutsche marks (\$16.3 billion) in spending money, and to both higher employment and wages.

In spite of the likely downturns in consumer spending and capital spending, growth will still be strong enough this year in western Germany to produce as many as 500,000 new jobs, according to Mr. Schlecht. A total of 775,000 new jobs were created last year, driving unemployment down to 7.2 percent.

Analysts noted that Germany's economy in 1991 will be relatively immune to outside problems, including tensions in the Gulf and the Soviet Union, because it will again be fueled by domestic spending rather than foreign trade. Long the world's largest exporter, the country has steadily turned inward and concentrated its energy on rebuilding eastern Germany and spending at home.

Economists had generally expected a growth rate of only about 3.5 percent for 1990 at the beginning of the year, but a surprising tendency of eastern Germans to ignore local production to buy western German goods and an strong third quarter forced analysts to revise estimates.

IEA Countries To Release Oil If War Erupts

By Tom Redburn
International Herald Tribune

PARIS — The major industrial nations announced Friday they will start releasing about 2 million barrels a day of oil from their emergency petroleum reserves as soon as possible after a war breaks out in the Gulf.

The announcement is designed to calm oil markets in the event of war and assure market participants that the governments are finally prepared to use their vast emergency oil stocks in a bid to prevent prices from skyrocketing.

The contingency plan, which also includes a call to save another 500,000 barrels a day through a variety of conservation measures in certain countries, was issued after a meeting in Paris of the International Energy Agency. The agency was established after the 1974 Arab oil embargo to help protect the West's industrial powers from energy supply shocks.

The plan marks the first time the countries in the energy group have agreed to use their petroleum reserves. Western Europe, the United States, and Japan hold oil stocks that are large enough to replace at least 90 days worth of oil imports.

The IEA, reversing its past position, said that emergency supplies would be released whether or not an actual shortage of oil develops. Members "are not waiting for something to happen," said the IEA chairman, Geoffrey Chipperfield. "Member governments do not want to be seen as doing nothing."

The Bush administration, which has resisted calls to draw on its strategic petroleum reserves since Iraq invaded Kuwait on Aug. 2, supported the decision, officials said.

Earlier this week, John Easton, the U.S. assistant energy secretary, assured lawmakers in congressional testimony that oil supplies were adequate to offset any supply disruptions from a war. "There is no oil shortage," Mr. Easton said, "and the U.S. and its allies have the capability to respond to any further disruptions."

Even though the industrial nations are currently awash in oil, many energy analysts have predicted

that crude oil prices would soar to \$50 per barrel or more soon after hostilities begin out of fear that the war might interrupt supplies from the Gulf.

Prices are still likely to spike if war starts, analysts said, but the IEA decision could help keep prices under control.

"This may be just the sign the market needs," said Peter Bogin, an oil market expert with Cambridge Energy Research Associates in Paris. "Traders will know the IEA and the United States are finally serious about using their oil stocks."

In Brussels, the European Com-

See IEA, Page 10

U.S. Prices Fell In December at Producer Level

Compiled by Our Staff From Dispatches

NEW YORK — U.S. producer prices fell 0.6 percent in December, reflecting weakness in the economy and a sharp drop in oil prices.

Energy prices, which had soared after Iraq invaded Kuwait on Aug. 2, plummeted 4.8 percent in December.

Excluding energy and food prices, producer prices rose 0.3 percent, down from a 0.5 percent rise in November.

Despite the decline, the largest since July 1986, the Labor Department's Producer Price Index rose 5.6 percent in 1990, up from 4.9 percent in 1989 and the biggest increase since 1981.

Excluding food and energy, however, producer prices rose 3.5 percent in 1990, down from 4.2 percent in 1989.

The numbers "give the Fed room to continue easing," said David Wyas, economist with DRI/McGraw Hill.

"These numbers say commodities prices are adjusting downward as the economy weakens," said Paul Lally of Citicorp.

(Reuters, AP)

News Corp. Says a Debt Deal Is Crucial

Reuters

WASHINGTON — Rupert Murdoch's News Corp. acknowledged on Friday that it would not be able to repay its bank loans over the next six months without a debt restructuring.

The disclosure, in a filing with the Securities and Exchange Commission, sent News Corp.'s ADRs tumbling 50 cents to close at \$7.375 on the New York Stock Exchange.

The news also hit shares in Pearson PLC, in which News Corp. is a major shareholder. Pearson fell to 628 pence (\$11.96) in London, down 18 pence.

At the same time, a banker in the group negotiating the restructuring with News Corp. said that Australia's Westpac Banking Corp. was the bank most exposed to the company, holding nearly \$600 million in loans.

In its filing, News Corp. said its internally generated funds and borrowing capacity would not enable it to meet its loan obligations and

costs associated with capital investments through June.

The company said it expected to conclude a restructuring that would extend the maturities of its non-public debt during the first quarter of this year.

News Corp. said the restructuring being negotiated would give it adequate short-term liquidity and extend its short- and medium-term bank maturities in a manner that would not have an adverse impact on operations.

As part of the deal, however, it said it would incur higher interest rates and more restrictive covenants. Bankers involved in the talks have said the covenants would restrict its ability to acquire in new properties and to invest in existing holdings.

If News Corp. does not conclude the negotiations, it will pursue other financing alternatives, the filing said.

News Corp. took on a huge load of short-term debt in the 1980s to finance the building of its newspe-

per, publishing, television and film empire.

The economic slowdowns in Australia, the United States and Britain, which have hit the group's publications, and heavy spending on its British satellite television venture have severely cramped News Corp.'s ability to service its debt and hampered the group's share price.

Mr. Murdoch has been in talks with bankers for months in an effort to restructure some \$9.4 billion Australian dollars (\$6.9 billion) in debt falling due in the next three years. Bankers have said the plan also would include a \$600 million bridge loan.

News Corp. sold 2.55 percent of Reuters Holdings Ltd., most of its stake, to raise \$71 million in November. Fears that it could be forced to dump some of its 10.57 percent stake in Pearson may have been behind the fall in the British company's share price Friday.

A banker in the News Corp.

bank group said Westpac has the biggest exposure to the company with direct loans of almost \$600 million.

Westpac is followed by Citibank, Commonwealth Bank of Australia and Midland Bank PLC, the banker said. Midland's exposure is nearly \$400 million, he added, without giving figures for the other two.

Spokesmen for Westpac, Citibank and Midland declined to comment. A spokesman for Commonwealth Bank was not immediately available.

Samuel Montagu, the merchant banking arm of Midland, is acting as agent for the bank group engaged in the effort to restructure News Corp.'s debt.

Midland, Samuel Montagu and Citibank have already signed the restructuring agreement. The re-scheduling requires the approval of all the 150-odd banks in the group, however, and many smaller institutions have been reluctant to go along so far.

In Silicon Valley, A Founder Retires

By Andrew Pollack
New York Times Service

SAN FRANCISCO — Charles E. Spork, a founding father of Silicon Valley, will retire in May as president and chief executive of National Semiconductor Corp., ending a career that reflected both the great triumphs and the recent problems of the U.S. semiconductor industry.

Mr. Spork will be replaced by Gilbert F. Amelio, now president of the Communications Systems division of Rockwell International Corp. Mr. Amelio will inherit the challenge of revitalizing America's fourth-largest semiconductor company, which has been battered by Japanese competition and inability to adjust to changes in the industry.

Mr. Amelio, 47, will join National Semiconductor on Feb. 4 and serve jointly with Mr. Spork until the end of the fiscal year, in May. Mr. Spork, 63, who will remain a board member, said he felt it was time to retire from the top posts.

He said that the company seemed to be on the mend after several years in which it suffered numerous quarterly losses. "Much of the steps that are necessary to get into a healthy position have been taken," he said.

After dismissing 2,000 workers, National Semiconductor edged slightly into the black last quarter. But with the entire industry now in a weak period, Mr. Spork said it would be "very difficult" to be profitable in the quarter that ends in February. But he predicted a return to profitability after that.

Wall Street analysts are less sure. National Semiconductor could be on the brink of renewed profitability, they say, or on the verge of continued losses.

While the company has improved recently, they say, it still needs stronger products and must restore profitability soon if it is to be able to raise the money needed to compete in the increasingly capital-intensive computer-chip industry.

National Semiconductor's stock is so low that issuing more shares to raise capital is impossible. Its shares finished 30 cents higher on Friday at \$4.875 on the New York Stock Exchange.

Mr. Amelio is an industry veteran. He worked as a researcher at Bell Labs and then as general manager of the Fairchild Camera & Instrument Corp.'s microprocessor division.

He joined National Semiconductor in 1983, and in 1988 also took on the position of head of Rockwell Communications Systems.

Mr. Amelio, who holds a doctorate in physics and has 16 patents,

Chip Indicator Posts Rebound

United Press International

SAN JOSE, California — The Semiconductor Industry Association has said the industry's book-to-bill ratio, a leading indicator that compares new sales to current business, rebounded last month to 0.95, after 0.90 in November.

A book-to-bill ratio of 0.95 means that for every \$100 worth of products shipped, manufacturers received \$95 worth of new orders.

The industry group said Thursday that December bookings were \$1.13 billion, up from \$1.12 billion in November. Semiconductor billings for December dropped to \$1.20 billion, after \$1.24 billion in November.

could represent a change in style from Mr. Spork, who is a manufacturing expert. This could infuse new life into National Semiconductor's research and product development. Since Rockwell is a buyer of chips as well as a producer, Mr. Amelio's experience could help National Semiconductor improve its marketing.

Some analysts and company insiders said it was time for a change. Mr. Spork denied that the board, which has been under pressure from stockholders dissatisfied with the company's stock price, had forced the shift.

"It was just a situation where everyone recognized he's done about as much as he can do," a National Semiconductor executive said.

Mr. Spork was such a giant and in such control for so long, the executive added, subordinates were often reluctant to make decisions without his blessing.

He joined National Semiconductor in 1967 when it was a struggling company with \$7 million in revenue and rescued it by emphasizing mass manufacturing of low-cost computer chips.

The company grew into one of the industry's success stories, for a while becoming the largest chip maker in Silicon Valley. It had revenue of \$1.7 billion last year.

But it ran into problems in the mid-1980s as Japanese companies increased their strength.

"Amelio's challenge will be to broaden and put some real life into the product line," said Daniel Kleizen, a semiconductor analyst at Prudential-Bache Securities.

CURRENCY RATES

Cross Rates	Jan. 11
Australian dollar	1.72
Belgian franc	36.5
British pound	1.65
Canadian dollar	0.75
Deutsche mark	1.36
French franc	6.55
Italian lira	1,360
Japanese yen	163.5
Netherlands guilder	2.20
New Zealand dollar	1.25
Portuguese escudo	200.4
Spanish peseta	166.6
Swiss franc	1.48
Swedish krona	8.46
Taiwan dollar	23.6
West German mark	1.36
Yen	163.5

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

Other Dollar Values	Jan. 11
Australian dollar	1.72
Belgian franc	36.5
British pound	1.65
Canadian dollar	0.75
Deutsche mark	1.36
French franc	6.55
Italian lira	1,360
Japanese yen	163.5
Netherlands guilder	2.20
New Zealand dollar	1.25
Portuguese escudo	200.4
Spanish peseta	166.6
Swiss franc	1.48
Swedish krona	8.46
Taiwan dollar	23.6
West German mark	1.36
Yen	163.5

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

Forward Rates	Jan. 11
30-day	1.72
60-day	1.72
90-day	1.72
180-day	1.72
360-day	1.72

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

INTEREST RATES

Eurocurrency Deposits	Jan. 11
1 month	7 1/4%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

Key Money Rates

Discount rate	6 1/2%	3 months	7 1/2 - 7 3/4%
Prime rate	9 1/2%	6 months	7 1/2 - 7 3/4%
Federal funds	6 1/2%	1 year	7 1/2 - 7 3/4%
Cash paper 30-120 days	6 1/2%	Source: Reuters.	
3-month Treasury bill	6 1/2%		
6-month Treasury bill	6 1/2%		
1-year Treasury bill	6 1/2%		
30-year Treasury bond	6 1/2%		
30-year Treasury note	6 1/2%		
30-year CFI	6 1/2%		

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

Asian Dollar Deposits

Discount rate	6.00	6.00
Overhead rate	8%	8%
Cost manager	5.00	5.00
1-month interest bank	0.50	0.50
3-month interest bank	6.25	6.25
6-month interest bank	9%	9%

12/25/08			
Bank home rate	14.00	13%	
Cost recovery	14%	13%	
	11/12/11		

	A.J.A.	P.A.J.	Jan. 11
Home Kiosk	28.55	28.45	+2.50
	38.25	—	+2.00

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

U.S. Money Market Funds

1-month interbank	10 27/16	10 27/16	Closest prices: New York 10 27/16
Source: Reuters, Salomon Brothers, Bank of York, Commercials, Credit Lyonnais.			All prices in U.S. \$ per ounce.
			Source: Reuters.

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

GOLD

ager of the Fairchild Camera and Instrument Corp.'s microprocessor division.

He joined Rockwell as president of its semiconductor division in 1983, and in 1988 also took on the position of head of Rockwell Com-

But it ran into problems in the mid-1980s as Japanese companies increased their strength.

"Amelio's challenge will be to broaden and put some real life into

Source: Reuters. All rates are for 1 U.S. dollar unless noted.

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MARKET DIARY

Stocks Drift Higher
In Light Trading

United Press International
NEW YORK — Stock prices closed a notch higher Friday in very light trading, as the approaching UN deadline in the Gulf and a snowstorm in the New York area kept a lid on activity.

The Dow Jones industrial average, which rallied 23.46 points on Thursday, rose 2.73 to close at 2,501.49.

Among broader market gauges, the New York Stock Exchange composite index rose 0.35 to 172.78, and Standard & Poor's 500-stock index added 0.70 to 315.23.

Advances narrowly led declines. Volume totaled 123.05 million shares, compared with 124.51 million on Thursday.

A late bout of short-covering allowed the market to post its second straight gain. Prices had idled with

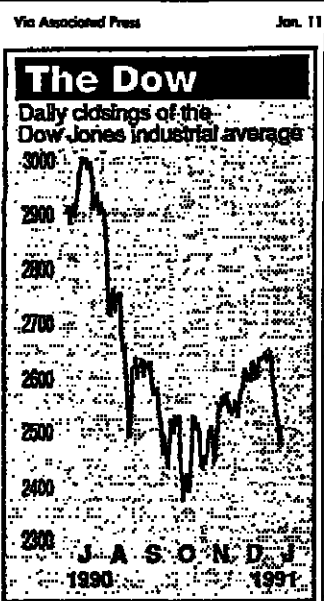
modest losses for most of the day. "There was just very little going on today," said Dennis Jarrett, chief market strategist at Kidder, Peabody & Co. "Most players are on the sidelines until we see what comes down on Tuesday. That's why we have the low volume."

Motorola was the most active issue, sinking 7/8 to 47 1/2 after Merrill Lynch downgraded its rating on the stock, citing problems with the company's cellular operations.

Baker Hughes followed, off 1/4 to 21 1/2. The company has been subpoenaed by a grand jury investigating alleged price fixing for rock drill bits.

Among other blue chips, AT&T gained 3/4 to 29 3/4, General Motors lost 1/8 to 31 1/4, and Philip Morris was unchanged at 49 1/4.

Prices fell in light trading on the American Stock Exchange. The Amex Market Value index lost 0.23



NYSE Most Active

Vol.	High	Low	Last	Chg.
Motorola	47 1/2	47 1/8	47 1/2	-7/8
General Motors	31 1/4	31 1/8	31 1/4	-1/8
AT&T	29 3/4	29 1/4	29 3/4	+3/4
Philip Morris	49 1/4	49 1/4	49 1/4	0
Baker Hughes	21 1/2	21 1/8	21 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
ENSCO	69 1/2	69 1/8	69 1/2	+1/2
Amoco	27 1/2	27 1/8	27 1/2	+1/4
Exxon	27 1/2	27 1/8	27 1/2	+1/4
Shell	27 1/2	27 1/8	27 1/2	+1/4
BP	27 1/2	27 1/8	27 1/2	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Advanced	10 1/2	10 1/8	10 1/2	+1/4
Declined	10 1/2	10 1/8	10 1/2	-1/4
Unchanged	10 1/2	10 1/8	10 1/2	0
New High	10 1/2	10 1/8	10 1/2	+1/4
New Low	10 1/2	10 1/8	10 1/2	-1/4

NYSE Most Active

Open	High	Low	Last	Chg.
India	241.40	241.40	241.40	+1.25
Taiwan	241.40	241.40	241.40	+1.25
UK	241.40	241.40	241.40	+1.25
Corp	241.40	241.40	241.40	+1.25

Open	High	Low	Last	Chg.
Industrials	369.54	369.54	369.54	+1.02
Transport	223.72	223.72	223.72	+0.88
Finance	223.72	223.72	223.72	+0.88
SP 500	223.72	223.72	223.72	+0.88

Open	High	Low	Last	Chg.
Composites	172.78	172.78	172.78	+0.35
Industrials	213.22	213.22	213.22	+0.61
Transport	181.49	181.49	181.49	+0.59
Finance	181.49	181.49	181.49	+0.59

Open	High	Low	Last	Chg.
Composites	172.78	172.78	172.78	+0.35
Industrials	213.22	213.22	213.22	+0.61
Transport	181.49	181.49	181.49	+0.59
Finance	181.49	181.49	181.49	+0.59

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Transport	181.49	181.49	181.49	+0.59
Finance	181.49	181.49	181.49	+0.59

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Finance	181.49	181.49	181.49	+0.59

Open	High	Low	Last	Chg.
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Transport	181.49	181.49	181.49	+0.59
Finance	181.49	181.49	181.49	+0.59

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Transport	181.49	181.49	181.49	+0.59
Finance	181.49	181.49	181.49	+0.59

The charges were dismissed at the request of the defense, which said that they had been improperly filed.

NASDAQ

Friday's Prices
 NASDAQ prices as of 4 p.m. New York time.
 This list compiled by the AP consists of the 1,000
 most traded securities in terms of dollar value. It is
 updated twice a year.

Stock	High	Low	Open	Close	Volume
IBM	125 1/4	124 3/4	125 1/4	124 3/4	1,200,000
Microsoft	68 1/2	67 1/2	68 1/2	67 1/2	800,000
Oracle	54 1/2	53 1/2	54 1/2	53 1/2	400,000
Intel	42 1/2	41 1/2	42 1/2	41 1/2	600,000
Apple	38 1/2	37 1/2	38 1/2	37 1/2	500,000
Amazon	28 1/2	27 1/2	28 1/2	27 1/2	300,000
Yahoo	24 1/2	23 1/2	24 1/2	23 1/2	200,000
Comcast	18 1/2	17 1/2	18 1/2	17 1/2	150,000
Verizon	16 1/2	15 1/2	16 1/2	15 1/2	100,000
AT&T	14 1/2	13 1/2	14 1/2	13 1/2	120,000
WorldCom	12 1/2	11 1/2	12 1/2	11 1/2	80,000
Qwest	10 1/2	9 1/2	10 1/2	9 1/2	60,000
Sprint	8 1/2	7 1/2	8 1/2	7 1/2	50,000
US West	6 1/2	5 1/2	6 1/2	5 1/2	40,000
Southwest	4 1/2	3 1/2	4 1/2	3 1/2	30,000
Delta	3 1/2	2 1/2	3 1/2	2 1/2	20,000
American	2 1/2	1 1/2	2 1/2	1 1/2	15,000
United	1 1/2	1 1/4	1 1/2	1 1/4	10,000
Southwest	1 1/4	1 1/8	1 1/4	1 1/8	8,000
Delta	1 1/8	1 1/16	1 1/8	1 1/16	6,000
American	1 1/16	1 1/32	1 1/16	1 1/32	4,000
United	1 1/32	1 1/64	1 1/32	1 1/64	2,000

Stock	High	Low	Open	Close	Volume
IBM	125 1/4	124 3/4	125 1/4	124 3/4	1,200,000
Microsoft	68 1/2	67 1/2	68 1/2	67 1/2	800,000
Oracle	54 1/2	53 1/2	54 1/2	53 1/2	400,000
Intel	42 1/2	41 1/2	42 1/2	41 1/2	600,000
Apple	38 1/2	37 1/2	38 1/2	37 1/2	500,000
Amazon	28 1/2	27 1/2	28 1/2	27 1/2	300,000
Yahoo	24 1/2	23 1/2	24 1/2	23 1/2	200,000
Comcast	18 1/2	17 1/2	18 1/2	17 1/2	150,000
Verizon	16 1/2	15 1/2	16 1/2	15 1/2	100,000
AT&T	14 1/2	13 1/2	14 1/2	13 1/2	120,000
WorldCom	12 1/2	11 1/2	12 1/2	11 1/2	80,000
Qwest	10 1/2	9 1/2	10 1/2	9 1/2	60,000
Sprint	8 1/2	7 1/2	8 1/2	7 1/2	50,000
US West	6 1/2	5 1/2	6 1/2	5 1/2	40,000
Southwest	4 1/2	3 1/2	4 1/2	3 1/2	30,000
Delta	3 1/2	2 1/2	3 1/2	2 1/2	20,000
American	2 1/2	1 1/2	2 1/2	1 1/2	15,000
United	1 1/2	1 1/4	1 1/2	1 1/4	10,000
Southwest	1 1/4	1 1/8	1 1/4	1 1/8	8,000
Delta	1 1/8	1 1/16	1 1/8	1 1/16	6,000
American	1 1/16	1 1/32	1 1/16	1 1/32	4,000
United	1 1/32	1 1/64	1 1/32	1 1/64	2,000

AMEX

Friday's Closing
 Tables include the nationwide prices up to
 the closing on Wall Street and do not reflect
 late trading elsewhere. Via The Associated Press

Stock	High	Low	Open	Close	Volume
IBM	125 1/4	124 3/4	125 1/4	124 3/4	1,200,000
Microsoft	68 1/2	67 1/2	68 1/2	67 1/2	800,000
Oracle	54 1/2	53 1/2	54 1/2	53 1/2	400,000
Intel	42 1/2	41 1/2	42 1/2	41 1/2	600,000
Apple	38 1/2	37 1/2	38 1/2	37 1/2	500,000
Amazon	28 1/2	27 1/2	28 1/2	27 1/2	300,000
Yahoo	24 1/2	23 1/2	24 1/2	23 1/2	200,000
Comcast	18 1/2	17 1/2	18 1/2	17 1/2	150,000
Verizon	16 1/2	15 1/2	16 1/2	15 1/2	100,000
AT&T	14 1/2	13 1/2	14 1/2	13 1/2	120,000
WorldCom	12 1/2	11 1/2	12 1/2	11 1/2	80,000
Qwest	10 1/2	9 1/2	10 1/2	9 1/2	60,000
Sprint	8 1/2	7 1/2	8 1/2	7 1/2	50,000
US West	6 1/2	5 1/2	6 1/2	5 1/2	40,000
Southwest	4 1/2	3 1/2	4 1/2	3 1/2	30,000
Delta	3 1/2	2 1/2	3 1/2	2 1/2	20,000
American	2 1/2	1 1/2	2 1/2	1 1/2	15,000
United	1 1/2	1 1/4	1 1/2	1 1/4	10,000
Southwest	1 1/4	1 1/8	1 1/4	1 1/8	8,000
Delta	1 1/8	1 1/16	1 1/8	1 1/16	6,000
American	1 1/16	1 1/32	1 1/16	1 1/32	4,000
United	1 1/32	1 1/64	1 1/32	1 1/64	2,000

Stock	High	Low	Open	Close	Volume
IBM	125 1/4	124 3/4	125 1/4	124 3/4	1,200,000
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Oracle	54 1/2	53 1/2	54 1/2	53 1/2	400,000
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Apple	38 1/2	37 1/2	38 1/2	37 1/2	500,000
Amazon	28 1/2	27 1/2	28 1/2	27 1/2	300,000
Yahoo	24 1/2	23 1/2	24 1/2	23 1/2	200,000
Comcast	18 1/2	17 1/2	18 1/2	17 1/2	150,000
Verizon	16 1/2	15 1/2	16 1/2	15 1/2	100,000
AT&T	14 1/2	13 1/2	14 1/2	13 1/2	120,000
WorldCom	12 1/2	11 1/2	12 1/2	11 1/2	80,000
Qwest	10 1/2	9 1/2	10 1/2	9 1/2	60,000
Sprint	8 1/2	7 1/2	8 1/2	7 1/2	50,000
US West	6 1/2	5 1/2	6 1/2	5 1/2	40,000
Southwest	4 1/2	3 1/2	4 1/2	3 1/2	30,000
Delta	3 1/2	2 1/2	3 1/2	2 1/2	20,000
American	2 1/2	1 1/2	2 1/2	1 1/2	15,000
United	1 1/2	1 1/4	1 1/2	1 1/4	10,000
Southwest	1 1/4	1 1/8	1 1/4	1 1/8	8,000
Delta	1 1/8	1 1/16	1 1/8	1 1/16	6,000
American	1 1/16	1 1/32	1 1/16	1 1/32	4,000
United	1 1/32	1 1/64	1 1/32	1 1/64	2,000

JPY 100 20

Boomtime Brings Problems to Johor

Residents Cite Inflation, Pollution

Resorts
JOHOR BAHRU, Malaysia — Awe with foreign investment, Johor state could become Malaysia's new industrial powerhouse.

But economists say success in the state that borders Singapore is also bringing inflation, rising property prices, pollution, and the risk of straining Johor's infrastructure.

"Although there will be some benefits from industrialization, Johoreans will also have to pay a heavy price in terms of environmental and other social costs," said Jomo Sundram, an economics lecturer at the University of Malaysia.

"The price of everything goes up here. Nothing appears to come down," complained a resident in Johor Bahru, the state capital that has become a shopping mecca for Singaporeans taking advantage of the weaker Malaysian currency.

Residents complain that the high sums foreigners offer for commercial and residential property could eventually drive them out of their own state.

Unlike Malaysian industrial centers in other states such as Penang and Selangor, which thrive on manufacturing and electronics, Johor will also have capital-intensive heavy industries such as steel and petrochemicals, analysts said.

Under a plan proposed by Singapore, the island state will form an economic "Growth Triangle" with Johor and Indonesia's Batam island.

Singapore, which is short of manpower and land, will offer its financial and high-technology expertise and tap cheap land and labor in Batam and Johor.

"Together, the three could be an economic force to be reckoned with," said Prime Minister Goh Chok Tong of Singapore, who suggested the links in 1989.

Tokyo Extends Car Export Curbs for U.S.

By Paul Blustein
 Washington Post Service

TOKYO — The government, worried that anti-Japanese sentiment might be aroused at a time when the American economy is slumping, said Friday it will continue for another year its voluntary restrictions on auto exports to the United States.

The move will have little economic impact, because Japanese auto exports have been running well below the 2.3 million car-a-year ceiling. An increasing share of the Japanese-brand cars sold in the United States are made in America rather than in Japan.

But the 10-year-old export lid has become a politically important symbol of Japanese defiance to U.S. wishes. Friday's announcement comes at a time when many Japanese are worried that the recession may make the United States especially ripe for a protectionist backlash.

By maintaining the export lid for the year starting April 1, Tokyo hopes to avoid being seen as exacerbating the already grim situation facing the U.S. auto industry, which has been shuttering factories and laying off thousands of workers in recent months.

The move apparently will not satisfy the United Auto Workers, whose president, Owen Bieber, urged Tokyo to set a limit on Japanese automakers' overall share of the U.S. market, including cars built at American plants, rather than simply limiting exports.

China's Surplus Hits \$8 Billion

BEIJING — China had a record trade surplus of \$8.1 billion in 1990, swinging back from a deficit of \$6.6 billion in 1989, official newspapers and economists said Friday.

The newspapers, quoting customs statistics, said exports rose 18.1 percent to a record \$62.07 billion. Imports fell 9.8 percent to \$53.96 billion. China has been encouraging exports through government subsidies and discouraging imports through an austerity program, in order to amass hard currency to pay down foreign debt.

China last recorded a trade surplus in 1983, at \$800 million.

Japan's Auto Imports Rise

TOKYO — Sales of imported vehicles in Japan rose 22.9 percent in 1990 to 223,923 units, the fifth straight year of gains, the Japan Automobile Importers Association said Friday.

The increase slowed virtually to a halt at the end of the year, however, as import sales in December were up only 0.1 percent from December 1989 at 22,873 units. It was the 84th straight month of year-on-year gains.

Germany was the most successful auto exporter to Japan last year, boosting sales by 14.3 percent from 1989 to 137,442 vehicles.

Volkswagen AG's sales rose 9.1 percent to 53,461. Mercedes-Benz registered a 23.3 percent jump to 38,844 and BMW was up 10.4 percent to 36,527.

The United States ranked second, with sales surging 49.9 percent to 28,062 units. The biggest increase, however, came from Honda Motor's U.S. arm, which boosted exports back to Japan by 60.4 percent to 7,534.

General Motors Corp. boosted exports to Japan by 17.7 percent to 8,513, while Ford Motor Co.'s sales rose just 1.1 percent to 6,030. Imports of British cars climbed 35.4 percent to 19,653; French vehicles were up 33.7 percent to 14,018; Swedish cars were up 40.5 percent to 13,704; Italian cars were up 30 percent to 5,933 and South Korean cars gained 64.3 percent to 1,623.

Vietnam Imposes an Income Tax

HANOI — Both Vietnamese and foreigners working in Vietnam will have to pay income tax from April 1 under a new government statute, the official Nhan Dan newspaper reported Friday.

The decree, Vietnam's first income tax law, was adopted by the Council of State on Dec. 27 and promulgated by President Vo Chi Cong on Monday, the paper said.

The income-tax law will come into effect on April 1 and was aimed at "ensuring social equality and mobilizing a portion of higher individual incomes for the state budget," it added.

Tax will have to be paid on regular income such as salaries, labor costs, allowances and other bonuses regarded as part of a wage of above 400,000 dong (\$61.50) a month for Vietnamese and more than 800,000 dong a month for foreigners.

Excise must also be paid on funds sent here in cash or kind from Vietnamese living overseas, lottery winnings and other irregular earnings worth more than 1 million dong.

Vietnamese earning less than 400,000 dong a month will not have to pay any tax, but those earning between 400,000 and three million dong a month will have to pay between 10 and 50 percent of their total income.

Anything over 5 million dong will be liable to a supplementary tax of 30 percent.

Foreigners will be tax-free for the first 800,000 dong but will have to pay tax of between 10 and 50 percent on monthly earnings worth between 800,000 dong and 16 million dong.

Areas exempt from tax include costs of missions, overtime or dangerous work, allowances for distant or mountainous regions and earnings from renovation or technical creations.

Vietnamese economic experts have said that the country must introduce effective tax programs to tap sources of wealth and help alleviate the country's starved economy.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
3000	1600	30000
2700	1400	25000
2500	1200	20000
2300	1000	15000
2100	800	10000
1900	600	5000
1700	400	0
1500	200	0
1300	0	0
1100	0	0
900	0	0
700	0	0
500	0	0
300	0	0
100	0	0
0	0	0
Exchange	Index	Friday Close
Hong Kong	Hang Seng	3058.37
Singapore	Straits Times	1175.34
Sydney	All Ordinaries	1243.80
Tokyo	Nikkei 225	23241.02
Kuala Lumpur	Composite	482.11
Bangkok	Book Club	528.14
Seoul	Composite Stock	627.71
Taipei	Weighted Price	3655.91
Manila	Composite	586.84
Jakarta	Stock Index	394.77
New Zealand	Barclays	1171.11
Bombay	National Index	518.57
		510.94
		+1.49

Sources: Reuters, AFP

JCB to Begin Issuing Credit Cards in U.S.

TOKYO — JCB International Co., a wholly owned subsidiary of Japan's largest credit card company, will begin issuing consumer credit cards in the United States, a spokeswoman said Friday.

JCB has issued over 20,000 credit cards for corporate users in the United States, but the move will be the first time a Japanese company has issued credit cards to individuals in the United States.

The move is part of a big push by JCB to become a major competitor in the global charge and credit card industry. The company said last year that it wants to increase the number of non-Japanese card holders from 50,000 to 500,000 and the number of participating merchants outside Japan from 400,000 to one million.

The push is an effort to compete with the American giants of the credit card business such as American Express Co., which has 31 million cardholders around the world.

JCB said it will apply to the Federal Reserve Board by the end of the month for permission to issue the cards and that it hopes to begin marketing them in April.

Issuing the cards both in its own name and also through U.S. banks, the spokeswoman said that JCB hopes to have 200,000 U.S. cardholders after one year.

JCB was founded by Sanwa Bank Ltd. 29 years ago and virtually created the credit card industry in Japan. The company has grown rapidly in recent years.

War Rally in Rubber Price Doubt

KUALA LUMPUR — Natural rubber prices are likely to rise if war breaks out in the Gulf, but industry analysts say any bullish run could be short-lived.

Aided by the huge jump in oil prices triggered by the Gulf crisis, rubber prices are hovering above their levels of early August, when Iraq invaded neighboring Kuwait.

"But the already sluggish demand and widening fears of war-linked economic recession could offset any gains from the war," said Abdul Majid, secretary-general of the Association of Natural Rubber Producing Countries.

Natural rubber prices are indirectly influenced by costs of oil-based synthetic rubber. A further rise in oil prices due to the war could boost synthetic rubber prices, analysts said.

Natural rubber and synthetic rubber, though increasingly complementary in their use, still compete head-on for about 20 percent of the world rubber market.

"Higher oil prices, though a positive factor for natural rubber, could also result in higher inflation and slow down economic growth," said

Ng Choong Sui, an economist at the Malaysian Rubber Research and Development Board.

"The two opposing factors would tend to squeeze natural rubber prices within a narrow range," Mr. Ng said. "If war breaks out, higher oil prices will be a favorable point to natural rubber demand," another economist said.

If war is avoided, "oil-importing countries won't slip into a recession and would be able to consume more rubber," Mr. Ng added. "As such, natural rubber would benefit in both scenarios."

The International Rubber Study Group said higher oil prices would not necessarily raise the cost of feedstocks for the synthetic rubber industry.

This is because the petroleum industry has sufficient flexibility to absorb these changes as the 1980s clearly showed, the London-based group said in a recent publication.

Several analysts said natural rubber would not necessarily be a loser or a winner in the event of a Gulf war.

"There has been not much speculative interest in rubber," one

INTERNATIONAL RECRUITMENT

INTERNATIONAL SERVICE FOR NATIONAL AGRICULTURAL RESEARCH POSITION ANNOUNCEMENT

SENIOR RESEARCH OFFICER, PUBLICATIONS (1/m)

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ISNAR is seeking a candidate who will lead its Publications Unit. The overall objective of the unit is to disseminate information on ISNAR's work to a wide audience and thus promote a better understanding of ISNAR's mission and activities.

Major responsibilities
 The Senior Research Officer, Publications, will work independently but with general management and policy guidance from the Director General and will be responsible for:

- providing leadership for the strategy and continuing development of the publications program and, together with the Publications Committee, for the overall quality of ISNAR publications;
- all aspects related to the supervision of the Publications Unit's staff, as well as managing the unit's resources and activities;
- planning, procurement, and supervision of publications activities;
- editing, and the supervision of all aspects of the production of the required printed materials, as well as for their distribution. This may include hands-on writing, editing, and production work, as may be required.

Qualifications
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 — bachelor's degree in journalism, agriculture or related field;
 — proven ability to function and perform in a multicultural environment;
 — proven leadership and management skills in a multidisciplinary environment;
 — excellent knowledge of international English;
 — excellent English writing and editing skills;
 — excellent active and up-to-date knowledge of desktop publishing and wordprocessing systems, and production methods and technologies.

2. Desirable
 — advanced degree(s) in journalism, agriculture or related field;
 — knowledge of scientific agriculture and international development issues;
 — proficiency in French and/or Spanish;
 — outstanding interpersonal skills.

Experience
 1. Essential
 — 10 years of increasingly responsible experience in writing, editing, and publishing;
 — several years of relevant experience on posts outside the home country;
 — experience in contract negotiations with printers and publishers.

2. Desirable
 — relevant working experience in developing countries;
 — several years experience managing a team of editors and assistants in a multicultural environment;
 — work experience with CGIAR or other international institutions.

Type of appointment
 Fixed-term 3 years, including a probationary period of 6 months. Subsequent renewals possible.

Level of appointment and remuneration will depend on the level of qualifications and experience of the successful candidate.

Application
 Please send your resume, including the names and addresses of three referees, to the Director General, ISNAR, P.O. Box 9375, 2509 AJ The Hague, The Netherlands. Applications will be accepted until 28 February 1991, or until the position is filled. ISNAR does not discriminate according to nationality, ethnicity, sex, religion, handicap, or age.

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January 12-13, 1991
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MONEY

FIRST COLUMN

U.S. Exchanges Brace for Panic as Gulf Deadline Nears

Investments And Safety In the Crisis

By Conrad de Azeite

THIS weekend the great, and far from silent, majority of the financial world is understandably concerned about the safety of its investments. And the very concept of safety has taken on a new meaning as the world hurtles toward the Jan. 15 Gulf deadline.

The failure of the private Rhode Island deposit insurance fund for credit unions is indeed a serious matter. But even assuming that the insurance issues can be satisfactorily resolved, how realistic is it to say that the deposits are safe in view of the possible future events in the Gulf?

One more bank failure may precipitate another banking crisis along the lines of the one that did so much damage in the early '70s.

The hopes of reasonable financial orderliness are twofold. First is the possibility that any bad news may already be built into the price of stocks, bonds and commodities. But the signs so far are less than promising on this score.

The old witicism has it that stock markets are supposed to move with all the predictability of a lunatic in a lift. At the moment, this seems a little unfair on the average lunatic.

During Secretary of State James Baker's press briefing on his disappointing meeting with Foreign Minister Tariq Aziz of Iraq, New York shares fell 80 points. Oil meanwhile, added over 10 percent in about four seconds of electronic trade.

Second, some safety nets, which may or may not work. Skeptics say they already figure in market expectations. But the lower expectations are, the more hope there is for financial soundness. If a major corporation or bank is caught out in the days ahead, there will be no problem so long as the financial community itself expects as much anyway.

INVESTORS had better take it easy if war ignites in the Gulf, because panicking will be against the rules. With just days until the United Nations' deadline for Iraq to leave Kuwait or be shown the way out, U.S. stock and commodity exchanges are shoring up their systems of circuit breakers—prearranged trading halts triggered by runaway moves, often sparked by unforeseen events, that can threaten a market's stability.

Officials are especially concerned about such fear-driven routs should the Gulf stand-off become war, because of the serious economic ramifications, and because of the unprecedented speed at which reports could be transmitted to traders.

This fear of fear itself led the New York Mercantile Exchange last month to set daily limits for the first time on price movements in crude oil traded for immediate delivery—the so-called spot contract.

At the Chicago Board of Trade and the Chicago Mercantile Exchange, where futures on two principal stock indexes are traded, rules were revised last month to reduce the moves required to trigger a trading halt, and the New York Stock Exchange is considering a proposal to do the same.

While several markets have suffered from extreme volatility since the Gulf confrontation began last summer, the oil market has been thrashed around most violently.

Under the New York Merc's new limits, a rise or fall of \$7.50 per barrel from the previous close in either the spot month or the nearest future's month would result in a one-hour trading halt. Later contract months would retain former limits of \$1.50 or \$3.

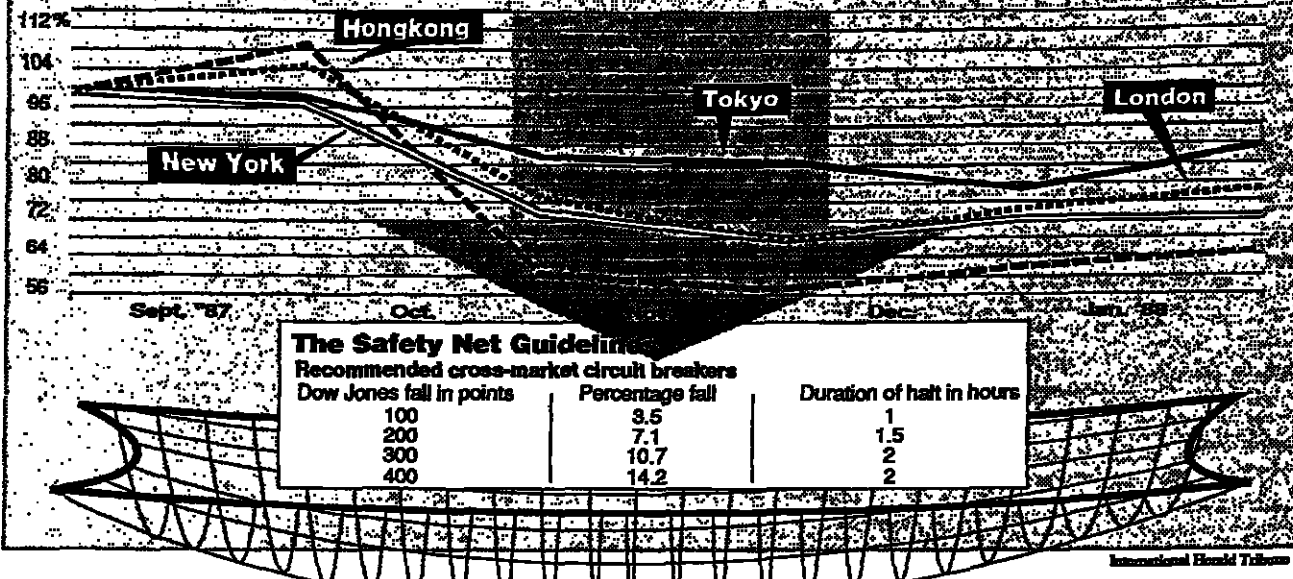
After trading resumed, a second and final move of \$7.50, for all contracts, would be enforced. A move of that amount in the opposite direction from the first would trigger another one-hour halt.

A rule that suspends trading only after a move of 30 percent or more in less than a day may not seem especially stringent, and in fact the new limits would not have been tested even once during the last five months of frenzied trading. Still, prices did move \$3, \$4 or \$5 on several days, without the benefit of shots being fired or oil wells blown up.

"We're trying to avoid an unlimited move

Guarding Against an '87-style Slide

Indexed performance of stockmarkets, Sept. 87-'90



in the spot price," Richard Henken, the exchange's vice president of marketing, said of the trading halts. "What they're going to do is allow people to regroup and disseminate information."

The NYSE's proposal calls for a one-hour trading halt if the Dow Jones industrial average moves up or down 100 points, a 90-minute halt for a 200-point move and two-hour halts for moves of 300 and 400 points.

As things stand, the exchange would halt trading for an hour after the Dow moves 250 points and then two hours after a 400-point move. The halts, approved after the 1987 crash, have never been used.

The NYSE proposal calls for the Chicago Merc and the Board of Trade to tighten their circuit breakers as well so that trading halts by the three exchanges would be virtually simultaneous.

The proposal is based on recommendations last June by the Market Volatility and Investor Confidence Panel that the exchange commissioned, but it has not been

acted upon. The futures exchanges, however, may give the Big Board a little shove.

The Board of Trade last month lowered the permissible daily move in its contract on the Major Market Index to 30 points, which corresponds roughly to 150 Dow points. The MMI, an index of 20 high-capitalization stocks, closely correlates with the Dow.

The Chicago Merc has an even tighter web of built-in trading halts for its futures contracts on the Standard & Poor's 500, thanks to a reduction last month in the daily limit to 20 points from 30. A 20-point move also corresponds to 150 Dow points, but in addition, there are two-minute halts after a move of five points and then if a 12-point fall persists for half an hour (a rise is all right).

Michael O'Connell, assistant manager of financial products at the Board of Trade, said officials there hope the NYSE moves soon on its tightening proposal.

"We're in coordination with the Chicago Mercantile Exchange and want it to get harmonized across markets," he said. "We're

waiting for the securities industry to act so we can put this thing to bed once and for all."

Preset panic buttons are nothing new to commodity traders. "Price limits have been incorporated in the futures markets since the beginning," noted Andrew Yemima, a spokesman for the Chicago Merc.

He said their use in trading stock index futures was first broached in 1987, before the crash but after some mildly horrific down days that gave officials a start. The brokerage industry didn't like the idea, however, and it was dropped. Then came the crash.

Much of the blame for the 500-point meltdown was pinned on program trading, in which brokerages, armed with computers and wads of cash, trade shares and futures contracts, often with organic abandon, to take advantage of price discrepancies between them.

Executing the programs generated profits for the firms and their clients but often left the markets in disarray. Many small inves-

tors decided that the game had gotten too rough, took their money—what was left of it—and went home.

"Small investors have been intimidated by the volatility brought on by program trading," said Hugh A. Johnson Jr., chief economist at First Albany Corp.

Many brokerage houses, facing angry stares and pointed fingers, cut down or cut out the practice—for a while.

"Like an alcoholic, we swore off the stuff for a year, a year and a half, but profits have fallen, so it's begun again," he said.

The NYSE last summer introduced Rule 80A, which all but eliminates program trading if the Dow rises or falls 50 points from the previous close. It was an attempt to lure small investors back to the market by preventing the one thing that may be worse than a panic plunge fueled by bad news.

"People were concerned about volatility not being in response to news events," said Sharon Gamsin, a spokeswoman for the exchange. Much of the market's volatility was seen as being caused by nothing other than program trading, and "80A seems to have taken a lot of the steam out of that."

Mr. Yemima of the Chicago Merc gave high marks to the circuit breakers at his exchange too: "We think they've worked very well, particularly since the Kuwait invasion last summer."

He said the 12-point rule, which was introduced in S&P futures trading in October 1988 and has been triggered about a dozen times, mostly last August and September, has "halted a number of precipitous slides."

Mr. Johnson of First Albany agreed that circuit breakers are reducing volatility. The markets, he said, have "quieted down some since the current round was introduced."

Still, he warned, "they can't stop panic, they can only postpone it. If the fundamentals dictate a panic, there'll be a panic."

In the long run, though, that may not be so bad. After the crash scared everyone out of stocks in 1987, the Dow rose about 75 percent in less than three years, to a record high.

"Markets go to emotional extremes when stocks are over- and undervalued," Mr. Johnson said.

"Panic isn't necessary for the markets to function," he hastened to add, "but if it wasn't there, it would take a lot of the fun out of it."

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THE MONEY REPORT

BRIEF CASE

New Olympia Vehicle Links Cash to Selected Funds

Investment house Olympia Capital Management is launching a new investment vehicle that commits cash to selected funds. Winchester Futures will invest in five funds — Moore Global Investment Ltd., Chesapeake Fund Ltd., GAMut Investment Inc., Gaila Hedge II Ltd. (which is top of our international funds table over one year, as reported below), and Tudor BVI Futures Ltd. — up to the fund's own maximum of \$30 million.

Olympia claims this is the first time the fund of funds concept, which is supposed to limit downside risk, has been applied to futures funds. Olympia monitors the performance and track record of the managers of each fund, and has selected only those funds run by a single manager. Each fund manager has at least five years of audited results

monitored by Olympia, and must have performed at least 30 percent better than the S&P 500 Index.

Olympia rightly stresses, however, that past performance is no guarantee of future results. Shares are offered to non-U.S. citizens or nonresidents at \$100 each. The minimum initial subscription is \$250,000. Subsequent investments may be made in installments of at least \$50,000.

A sales fee of 3 percent is charged on each subscription. There is a management fee, payable monthly, at an annualized rate of 2.5 percent.

The prospectus of Winchester Futures Ltd. describes it, somewhat legally, as a company organized in the British Virgin Islands.

For more information, write Winchester Futures Ltd./Olympia Star Series, c/o Olympia Capital International Inc., Wickham Cay PO Box 662, Road Town, Tortola, British Virgin Islands.

Robeco Group Announces Fund Performances for '90

Rotterdam-based Robeco Group, one of the biggest European investment managers, has announced its fund performances for 1990 — a year it characterizes as disappointing for many investors.

The only good news came from Roreto, the group's international bond fund, which gained 14.7 percent. The international commercial property fund, Rodamco, lost 18.7 percent on the year. This fund continues not to repurchase its own shares — a practice it suspended last fall due to liquidity problems.

The two international equity funds, Robeco and Robino, lost 5.5 and 12.2 percent respectively.

The total assets under Robeco's management declined by \$900 over the year to \$23 billion.

Club Med Is Now Accepting Payment With the Amex Card

Will a Club Méditerranée vacation do nicely this year?

The French vacation outfit, which has some 110 upmarket holiday villages worldwide, will now accept payment by American Express charge card.

Amex cardholders may pay for holiday packages and supplementary drinks or sports bills by using their plastic. Other cards will not be accepted, according to an Amex spokesman, but checks and cash may of course be used.

Amex says use of the card offers consumer benefits in the form of flight delay insurance, travel counseling and the company's global assistance package. Amex cardholders can also expect to be offered special Club Med holiday deals as part of the mutual promotion agreement between the two companies.

Sweden Cuts Taxation Rate But Increases VAT to 25%

Sweden has reduced its top rate of personal taxation from 72 percent to around 50 percent. But what the right hand giveth, the left hand taketh away: The Swedish govern-

ment has imposed a 25 percent value added tax on some kinds of personal services.

Although high-earning Swedes will receive a higher net income, they will have to pay more for services ranging from attorneys' fees to haircuts. Travel within Sweden will be more expensive, as will concert tickets. But going to the theater, the cinema and the ballet have been specifically excluded from the new tax.

CBOE Study Links Increase in Options to the Gulf Crisis

One thing is quite clear on the investment front: The Gulf crisis has generated massive uncertainty in the financial markets.

The Chicago Board Options Exchange reports that in the second half of the year trade in its Standard & Poor's 500 stock index options rocketed. The options — which confer the right to buy or sell the index at a given price and can be used as a form of financial insurance — showed a 93 percent increase overall on the previous year.

Trade on the S&P 100 stock index rose by 18 percent, but investors were reluctant to take positions on individual stocks. Equity options were down in volume by more than a fifth.

Eastern German Shares May Be Listed in Berlin

Shares in corporations in what used to be East Germany could be listed on the Berlin stock exchange by the second half of the year. According to a Berlin stock exchange official, the more marketable corporations may come to the German third market — typically a site for smaller ventures.

The listing of the stocks would be part of the overall plan to revitalize the moribund economy of the eastern part of Germany. It was suggested that early candidates for listing might be Elpro, an electronics manufacturer based in Berlin, and Mitropa, a catering company having contracts with freeway service and railroad stations.

Financial Novelties In Troubled Korea

By David C. Lanchner

It has been a bad week for the South Korean economy. Figures released this week showed a trade deficit with Japan hitting a record \$5.58 billion for the first 11 months of 1989, up from \$3.65 billion for the same period the year before.

Korea is saddled with a dependence on oil, made more uncomfortable by events in the Gulf. And its stock market is experiencing a liquidity crunch.

But the Korean authorities and the well-disciplined business establishment that often acts as its cipher have pulled off an impressive feat in the European and U.S. investment markets. An unprecedented sale of cheaply priced deposit receipts — proxies for shares — still physically in Seoul — managed to rekindle what had been nearly moribund foreign interest in the troubled Korean market.

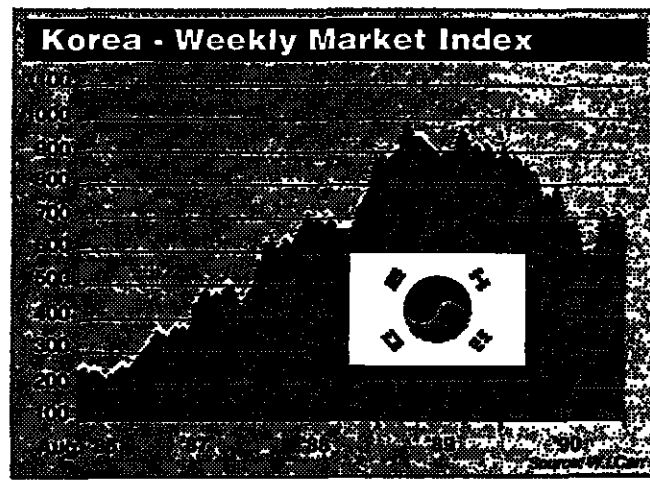
The \$40 million issue of deposit receipts in Samsung, Korea's largest company, was a success mainly because it was touted as the most direct conduit to a market that is largely off limits to foreign investors and because it was priced at a mere 15 percent premium to the actual value of company shares.

Korean securities such as warrants and convertible bonds that are in theory less direct investments, have never been priced at anything under a 40 percent premium.

Does cheaper access to the Korean market justify the recent interest of investors? If it were simply a question of market fundamentals the answer would be no. Many economic indicators in Korea are just as depressing as the trade balance. Annual growth and inflation are all going the wrong way, so stock values are under pressure and are likely to be for some time. What complicates the picture is that the Korean market is scheduled to open up, in at least limited fashion, to direct foreign investment by 1992.

"Every time you open the market a crack, it is like a lush Christmas stocking. Big investors with deep pockets come along and push up prices as they scramble for shares," says Ms. Brown.

The deposit receipts give investors the chance to reserve a potentially valuable place near the front of the line in anticipation of the market opening. Although the government has not announced detailed terms of the opening, market observers say that at most the government will allow only 10 to 15



percent of the shares of any one company to be held by foreigners. This will put those with already established rights to shares, purchased at fairly low premiums, in a privileged and potentially lucrative position. The idea is that foreign demand, stimulated by the market opening, may well push premiums higher allowing investors to lock in profits.

The critical question that faces investors attracted by a play on the opening of Korea's market is whether the associated boost will be enough to wipe out any losses stemming from world problems like the Gulf and the poor shape of Korea's domestic economy.

"I don't see Korea getting out of it's current rut for the next 12 to 18 months," says Torquil McAlpine,

head of brokerage J. Henry Schroder Wagg's Seoul office. "Longer term, however, I think the prospects for the Korean market remain among the brightest in the world."

In the 1980s the Korean stock market was one of the world's great success stories, rising sixfold between January 1986 and April 1989 when the South Korea composite index hit 1007. Both 1989 and 1990 were rough years for Korea, however. The country faced a crushing combination of rising wage demands and falling exports that sent the stock market, previously hailed by many as invulnerable because of frequent government and corporate infusions of cash, into a severe tailspin. Today the index is lingering near 672 and the nation's problems are far from over.

"The traditional strength of Korea as a low-priced producer of fairly sophisticated finished goods like computers, cars and VCRs is gone," says Mr. Edwards. An appreciating Korean won and wage hikes that amounted to 20 percent in 1989 and at least 19 percent in 1990 have largely eliminated the nation's pricing advantage. The country must now follow in the footsteps of the Japanese and "move up market," adds Ms. Brown.

Korean corporations are still rich in cash from their boom days but the process of transition — improving quality and getting the message across that Goldstar VCRs are as good as Sony's for example — is likely to take a while.

Moreover, the government funds as well as the brokerage and financial institutions that have frequently been invested to prop up the Korean market are, according to many analysts, near exhaustion. Korea's two leading brokerages, Daewoo and Dongshin, have the equivalent of about 80 percent of their total capital value invested in the stock market already. Rather than support a market rally with buying, such institutions may well take advantage of any price rises by selling in order to cut their already significant losses. Large sales would cap market rallies soon after they started.

The picture that emerges is of a fragile market that could decline significantly before it is finally opened to foreign investment. For that reason analysts are not so sure that exposure to Korea, even at relatively cheap prices, is worth the risk at the moment.

The wisest move for investors who are interested in Korea may be to eschew entirely obvious plays on Seoul's opening like the Samsung deposits. Large liquid funds like the New York Stock Exchange listed Korea Fund or the London listed Korea Europe Fund are selling at low historical premiums of only about 12 percent and are much easier to sell than deposit receipts, convertible bonds or warrants in case of market disaster.

Tokyo Shares Recover, Funds Still Top

By Martin Baker

THE extreme volatility of the world's major stock markets abated toward the end of the week. Even some of the depression appeared to have lifted after the pre-deadline conclusion of the pre-deadline talks between the United States and Iraq.

After nosediving 80 points on the Dow Jones index — from a 40 point gain early in Wednesday's session to a similar loss position by the end of the day — the New York

market grew calmer toward the weekend and its shares traded up. The Tokyo market finished especially strong. The Nikkei Dow index closed Friday with a gain of 193.66, or 0.84 percent, finishing at 23,241.02. Japan's main market had fallen back 3.6 percent over the preceding week.

Dealers were also pleased with the levels of business done. More Japanese shares were traded Friday than at any time since the pre-Christmas market close. Were it not for the Gulf crisis, this would normally be interpreted as a sign of confidence in the market.

Only Hong Kong shares managed to achieve a positive performance this week. Shares rose 1.2 percent, according to statistics from Morgan Stanley Capital International. Next best country was Canada, which produced a negative return of 0.8 percent.

At the bottom of the country stockmarket table was Finland, where shares were pounded down by 9.1 percent. Among the bigger markets, France lost 4.4 percent and Australia fell back 3.8 percent.

Of worldwide industry sectors only goldmines recorded a gain, chalking up a 1.7 percent increase. This follows a rise of more than 5 percent last week. Banking shares round the world lost 4.1 percent, helped down by some spectacularly poor financial results from British banks.

Friday's International Energy Agency meeting had intensified speculation about the future of oil prices. But oil too steadied after a sharp rise midweek.

The higher cost of oil since Iraq's invasion of Kuwait has not yet produced profits for mutual fund investors over the longer term. Our table of fund performances across eight countries over one year shows currency factors predominate.

The weakness of the dollar has kept out all U.S.-managed funds, barring Fidelity's Select Biotech. Sterling-denominated currency and fixed interest funds prove to have been the best investment for the dollar-based mutual fund investor in 1991.

The performance of fixed interest funds shows the benefit of having a properly managed portfolio, says Anne McMechan of Framlington Unit Management, a sub-

sidary of the French CCF group. "These securities can provide a good return if they are properly managed, and they are a good defensive investment, in that they are not as volatile as equities."

The international investor must consider the currency risk inherent in sterling denominated funds. But Ms. McMechan is sanguine on this point: "The pound should remain quite strong. It is an oil-influenced currency."

Oil has been in the doldrums over the past five years. Over the longer term only one energy fund, managed by Edinburgh-based Baillie Gifford, has forced its way into the top performers.

"When we had a poor view of oil we invested in companies benefiting from cheaper energy prices," says Douglas McDougall, senior partner at Baillie Gifford. "So we bought Japanese and European utilities at one stage." The fund also profited from the wave of acquisitions in the U.S. energy sector in the second half of the 80s.

The rest of the five year table mainly reflects the strength of the yen and the recent surge of the Tokyo second market, which trades smaller companies.

Fidelity's European fund — a British unit trust — stands out from the crowd. "Its strength is based on the house policy of stock picking," says a Fidelity spokesman. "We felt five years ago that Europe was undervalued, under-owned and under-researched."

The fund listed is sterling denominated and U.K.-based, but it has a recently launched Luxembourg-registered cousin denominated in Deutschmarks.

December Market Scoreboard

Best Performers

Worst Performers

Price	Monthly	Monthly
Dec. 31	Change	Change
New York Stock Exchange		
Centel Co.	18	61.3
Vista Chemical Co.	28.00	28.4
Homebased Financial Cl B	25	37.9
Georgia Gulf Co.	6.13	58.3
Met Co.	56.75	56.7
First Financial Mont Co.	18.75	52.5
Lafayette Technology Inc.	4.08	50.3
On line software Int.	4.38	42.2
Intelligence Trace Inc.	35	38.7
Hall, Frank B. & Co.	2.85	38.6
American Stock Exchange		
Littlefield Adams & Co.	25	109.0
Coronet Co.	30	78.0
Peters (U.S.) Co.	1.00	75.0
Genitico Technology Co.	31	61.3
Team Inc.	8.25	56.8
Over the Counter		
Og Tech Inc.	08	833.3
Advanced Micro Systems	44	213.6
Franklin Corp. Mining Co.	08	188.7
Hall Financial Group Inc.	06	168.7
London Stock Exchange		
Wellcome	437.00	16.8
Slabe	333.00	18.4
Reuters Holdings	703.00	16.2
Lucas Industries	148.00	15.6
Mangover	58.00	15.5
Pfizer Inc.	178.00	15.2
Eurochem (London)	385.00	14.8
Carlson Communications	354.00	14.2
Truist House	198.00	13.1
Color Group	242.00	13.1
Tokyo Stock Exchange		
Yokohama Sen-I	3080.00	33.7
Daiichi Woollen Spinning	1300.00	34.8
Godo Shusei	1300.00	34.0
Sanki Kasei Cement	518.00	34.0
Kokusai Kogyo	1480.00	34.4
Long-Term Credit Bank	1410.00	33.7
Mitsubishi Trust	1800.00	33.3
Toyo Kanetsu	725.00	32.8
Cosmo Oil	640.00	32.5
Bank Nippon	2080.00	32.4

Default Ruling Is Set by Spain

American credit institutions are not the only ones generating concern from their regulatory authorities. The Bank of Spain has ordered Spanish finance companies to guard against customer arrears.

A fund of around 20 billion pesetas (\$210 million), or 1.5 percent of outstanding loans, has been established as a safeguard against default.

Bank of Spain regulations require that once a loan has been transferred to an arrears account 75 percent must be written off by the lender within 18 months. Eventually the entire loan must be written off.

The move puts finance companies on a similar regulatory footing to that of credit co-operatives, banks and savings banks.

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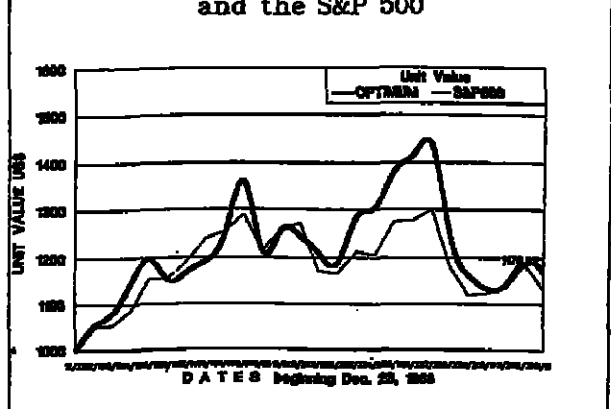
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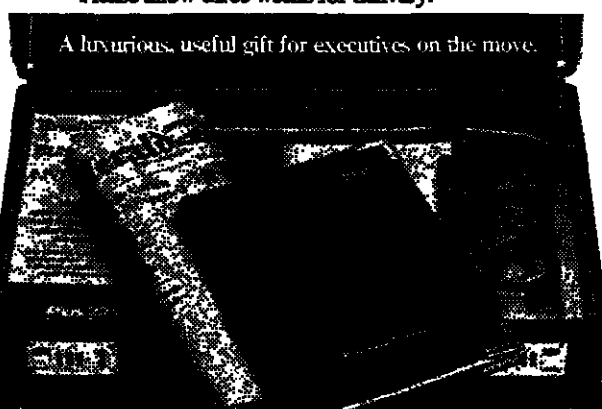
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SPORTS

Schneider Wins Giant Slalom

Compiled by Our Staff From Dispatches
KRAJINSKA GORA, Yugoslavia — Vreni Schneider of Switzerland skied to her first World Cup victory of the season, winning the women's giant slalom race here on Friday.

Schneider, winner of the 1989 overall World Cup, flashed down the icy Vitrac track in a winning aggregate time of 2 minutes 11.66 seconds, 1.11 seconds ahead of Natasa Bokal of Yugoslavia.

"It is great to win a race after such a long time," said Schneider, who had been hampered by a knee injury since the end of last season. It was Schneider's 33d World Cup victory and 17th in the giant slalom, but her first on the circuit in almost a year. She now leads the giant slalom standings with 45 points.

Bokal, who placed only eighth after the first heat, won her first giant slalom points ever.

"I didn't expect to do so well," she said. "After all, this is only my second season in the World Cup."

Petra Kronberger of Austria, the overall cup leader, was third, 1.23 seconds behind Schneider.

She collected 15 points for a commanding World Cup lead of 195 points, far ahead of Sabine Gschoeder of Austria, who is in second place with 78 points.

Kronberger, who has been skiing with a cast on her hand since she was injured in a fall last month, said she would be completely recovered for the world championships, which begin Jan. 21 in Saalbach, Austria.

Of her performance Friday, she said: "I made several mistakes in both runs, so I cannot be unhappy with this third place. In the first run, I was running too wide, and in the second I was not fast enough."

Eva Twardokens of the United States finished a surprising fourth in 2:12.90, dropping one place from her first-run performance.

Twardokens has not finished high in a World Cup race since 1985, when she was second in a super giant slalom and was third in the world championship giant slalom. (AP, Reuters)



Mike Barrowman of the United States hardly had time to catch his breath en route to a world record in the 200-meter breaststroke.

Record for Barrowman, Diving Victory for China

Compiled by Our Staff From Dispatches
PERTH, Australia — Mike Barrowman settled an old score and broke his own world record for good measure when he eclipsed his rivals to win the 200-meter breaststroke at the World Swimming Championships on Friday.

The American, who bulked up on a fast-food lunch, relegated the three men who had deprived him of a medal at the 1988 Olympics to a supporting cast. He led the fastest field ever assembled with a time of 2 minutes, 11.23 seconds.

In the diving, Gao Min of China became the first winner of two individual gold medals here when she took the women's three-meter springboard by less than 15 points over Irina Lashko of the Soviet Union.

China won all three women's diving events, with Fu Mingxia taking the platform.

As for Barrowman, he finished fourth in Seoul in a race he had been heavily favored to win.

"I've got a debt to settle with three in the race," he said last week, fixing his sights on Hungary's Jozsef Szabo, Britain's Nick Gillingham and Spain's Sergio Lopez and vowing to average the Olympic defeat.

Barrowman proved as good as his word, slicing half a second from the world mark he set at the Goodwill Games in July and grabbing the gold ahead of Hungary's Norbert Rozsa and Olympic silver medalist Gillingham, the only two swimmers who were anywhere near the American throughout.

Rozsa finished second in 2:12.08, with Gillingham third in 2:13.12. Szabo was fifth in 2:13.93 and Lopez sixth in 2:14.24.

"I am so happy it is over with," Barrowman said. "I hurt and it was all willpower. I told everybody when I came in here, 'I don't care if I swim 2:35, as long as I win this race, and that's going to be hard enough. So I was happy to come in first.'"

Barrowman had persuaded a bus driver to driving him to a nearby McDonald's for a lunch of "a Big Mac, a Quarterpounder, all that kind of stuff" before the final.

The U.S. men's 400 freestyle relay team also won in meet-record time. The quartet of Tom Jager, Brent

Lang, Doug Gjertsen and Matt Biondi finished in 3:17.15, 2.52 seconds faster than the old meet mark set by the United States in 1986.

Joerg Hoffmann got Germany's first individual gold medal when he won the 400 freestyle in a meet-record 3:48.04.

Chinese swimmers finished 1-2 in the women's 100 butterfly, a very tight race with just 28 seconds separating the first four finishers. Wian Homng, the 1986 Asian Games champion, beat teammate Wang Xiaohong by .13 seconds, at 59.68.

Linley Frame gave Australia its second swimming gold medal when she won the women's 100 breaststroke in 1:08.81.

(Reuters, AP)

WOMEN'S FINALS

200-meter breaststroke
1. Gao Min (China) 2:11.23 (world record), 2. Irina Lashko (USSR) 2:14.24, 3. Britta Bostons (Germany) 2:14.24, 4. Lu Huihong (China) 2:14.24, 5. Jodie Parrelli (Australia) 2:14.24, 6. Katrin Benaud (Germany) 2:14.24, 7. Tracy Cox-Smith (Zimbabwe) 2:14.24, 8. Krista Wilson (USA) 2:14.24, 9. Tracy Cox-Smith (Zimbabwe) 2:14.24, 10. Krista Wilson (USA) 2:14.24.

100-meter butterfly

1. Wian Homng (China) 59.68, 2. Wang Xiaohong (China) 59.81, 3. Catherine Plantier (France) 59.81, 4. Cissy Ahmann-Leithe (USA) 59.81, 5. Jodie Parrelli (Australia) 59.81, 6. Katrin Benaud (Germany) 59.81, 7. Tracy Cox-Smith (Zimbabwe) 59.81, 8. Krista Wilson (USA) 59.81, 9. Tracy Cox-Smith (Zimbabwe) 59.81, 10. Krista Wilson (USA) 59.81.

50-meter freestyle

1. Linley Frame (Australia) 1:08.81, 2. Jodie Parrelli (Australia) 1:08.81, 3. Jodie Parrelli (Australia) 1:08.81, 4. Jodie Parrelli (Australia) 1:08.81, 5. Jodie Parrelli (Australia) 1:08.81, 6. Jodie Parrelli (Australia) 1:08.81, 7. Jodie Parrelli (Australia) 1:08.81, 8. Jodie Parrelli (Australia) 1:08.81, 9. Jodie Parrelli (Australia) 1:08.81, 10. Jodie Parrelli (Australia) 1:08.81.

400-meter freestyle

1. Joerg Hoffmann (Germany) 3:48.04, 2. Stefan Pfeiffer (Germany) 3:48.04, 3. Stefan Pfeiffer (Germany) 3:48.04, 4. Stefan Pfeiffer (Germany) 3:48.04, 5. Stefan Pfeiffer (Germany) 3:48.04, 6. Stefan Pfeiffer (Germany) 3:48.04, 7. Stefan Pfeiffer (Germany) 3:48.04, 8. Stefan Pfeiffer (Germany) 3:48.04, 9. Stefan Pfeiffer (Germany) 3:48.04, 10. Stefan Pfeiffer (Germany) 3:48.04.

200-meter freestyle

1. Mike Barrowman (USA) 2:11.23 (world record), 2. Norbert Rozsa (Hungary) 2:12.08, 3. Nick Gillingham (Britain) 2:13.12, 4. Sergio Lopez (Spain) 2:13.93, 5. Jodie Parrelli (Australia) 2:14.24, 6. Jodie Parrelli (Australia) 2:14.24, 7. Jodie Parrelli (Australia) 2:14.24, 8. Jodie Parrelli (Australia) 2:14.24, 9. Jodie Parrelli (Australia) 2:14.24, 10. Jodie Parrelli (Australia) 2:14.24.

400-meter relay

1. USA (Tom Jager, Brent Lang, Doug Gjertsen, Matt Biondi) 3:17.15, 2. Germany (Peter Sitt, Dirk Richter, Stefan Ziemer, Bernd Ziemer) 3:17.15, 3. USSR (Gennadiy Prudnikov, Yuriy Bostonskiy, Viktoriy Tolstoukhin, Vladimir Tsvetkovskiy) 3:17.15, 4. Sweden 3:20.81, 5. Australia 3:20.81, 6. Canada 3:22.42, 7. Netherlands 3:24.97, France 3:24.97.

Southern Cal Makes the Plays but Arizona Wins 55th Straight at Home

The Associated Press

The University of Southern California did almost everything right in trying to stop the nation's longest home winning streak and No. 6 Arizona did a lot wrong. But it was the Wildcats who won, 87-85, for their 55th straight victory in Tucson, Arizona.

Arizona led by 86-82 Thursday night when Harold Miner, who scored 26 for Southern Cal, made a three-point shot. Then, after the Wildcats missed two free throws and committed a turnover, the Trojans got a final chance to win.

But Duane Cooper missed a driving shot that would have put Southern Cal ahead and Sean

COLLEGE BASKETBALL

Rooks grabbed the rebound for Arizona and made a foul shot with one-tenth of a second left.

"I thought it would be one of those deals where you throw up the ball and it goes in and you find out Christmas isn't over yet," said George Raveling, Southern Cal's coach.

Arizona's coach, Lute Olson, saw his team miss three of four foul shots in the final minute and have trouble handling the ball. But he gave credit to Southern Cal, rather than criticize his own team.

"I don't know a whole lot more we could have done," Olson said. "They played with great confidence."

Chris Mills led Arizona (12-2 overall, 2-1 Pacific-10) with 21 points.

No. 2 Arkansas 101, Texas 89; Aryn Bowers, the shortest player on the court at 5 feet 10 inches

(1.75 meters), scored 16 of his 20 points in the second half as Arkansas held off visiting Texas.

Oliver Miller, who made his first nine shots, and Todd Day each scored 21 points for the Razorbacks (14-1, 3-0 Southwest Conference). Day has scored 20 points in 10 straight games.

Texas (7-5, 2-1) whittled a 16-point deficit to 88-83 with 2:40 left, but got no closer. Benford Williams scored 32 points for the Longhorns.

No. 7 UCLA 82, Arizona State 68; Tracy Murray scored 22 points and Don MacLean 21 as

UCLA (13-1, 2-0 Pac-10) pulled away in the second half in Tempe, Arizona.

Games Are Called Off in Israel

European basketball cup games involving Israeli clubs will be moved from Israel until the Gulf crisis is over, the international basketball governing body, FIBA, said Friday in Munich.

FIBA said it was suspending all European cup games scheduled for Israel "until the political situation in the Middle East is clear."

Elements of Playoff Style: Wind, Cold and Questions for Remaining NFL Teams

Tuning In Tricky Outside the U.S.

By Bob Siner

International Herald Tribune

WASHINGTON — The National Football League will provide tapes of this weekend's playoff games to television stations in Britain, Italy, Japan and Thailand. But just how much football the fans in those countries actually see will be decided by the stations themselves.

Other fans outside of the United States will have to content themselves with highlights.

According to Mary Schuler of Trans World International, which sells the rights to broadcast NFL games to stations overseas, BSB and Channel 4 in the United Kingdom, Canal 5 in Italy, NTV, NIK and Sumitomo in Japan will get tapes of all four of this weekend's NFL playoff games. IBC in Thailand will get two games.

Other stations in Europe and Asia will get one hour of taped highlights of the games.

Schuler said that TWI sells the NFL broadcast rights and provides the tapes, but it does not try to tell the stations what to show.

The Armed Forces Network also will carry all the games. In Western Europe, depending on atmospheric conditions, radio listeners might pick up the Armed Forces Network at 875 on the AM dial. In Britain, the broadcasts are available only on military bases, via cable TV and radio. In Tokyo, the Far East Network of the AFRTS broadcasts at 810. In the Midwest, from Sandi Arabia, Armed Forces broadcasts on the FM band.

Following is a list of stations that will get highlight tapes: TV3 in Scandinavia; Canal Plus in France and Belgium; Tels 5 in Germany; TV3 in Spain, ABC in Australia; Channel 7 in Thailand; TV3 in New Zealand; ICP in Israel; CTS in Taiwan.

Buffalo Warming To the Challenge

By Gerald Eskenazi

New York Times Service

ORCHARD PARK, N.Y. — The weather turned nice Thursday. It snowed.

Coach Marv Levy of the Buffalo Bills doesn't talk about the weather here. He revels in it.

So the Bills' indoor practice bubble sat idle Thursday, looking like a beached white whale.

Nearby, in Rich Stadium, where the Bills will face the Miami Dolphins on Saturday for the right to go to the American Conference championship, the Bills practiced. Outdoors, as usual.

Meanwhile, the Dolphins sweated in a workout in sunny Miami.

The Bills are 13-3, the East Division champions, with Pro Bowl stars on offense (Jim Kelly, the

quarterback) and defense (Bruce Smith, the quarterback-chaser).

This season the Bills lost only twice after the second game, a three-point defeat to Houston, and the season's finale to Washington.

Kelly did not play in that game, and Thurman Thomas, the conference's leading rusher, played only a half. In fact, Kelly last played against the Giants on Dec. 15. That was a Buffalo victory in which Carl Banks ran into tackle Will Wolford, who rolled into Kelly's left knee.

Although Levy declines to name his quarterback until game time, Kelly will start unless he trips coming off the team bus going to the stadium. Kelly also said he expects to play, wearing a brace on the injured knee.

The Bills will be cold Saturday when the Bills try to move on to the American Football Conference championship: temperature around freezing, with possible snow. Perfect weather for Levy.

Raiders-Bengals Is Boomer vs. Bo

By Michael Martinez

New York Times Service

EL SEGUNDO, California — A week ago, the Los Angeles Raiders were busily preparing for an unknown, unseen opponent. Now, they knew who the opponent is and hope they will be ready for the problems they will face.

Even though they played and routinely dispatched the Bengals in December, the Raiders acknowledged this week that circumstances will make their divisional playoff game with Cincinnati on Sunday a considerably different contest.

The Bengals, who advanced with a 41-14 rout of the Houston Oilers last weekend, aren't likely to rest the team that lost to the Raiders three weeks ago at the Los Angeles Memorial Coliseum, 24-7.

For one thing, their quarterback,

Boomer Esiason, is much closer to full recovery from a groin injury that bothered him in the first game.

The Esiason Factor is likely to be an important part of the game, especially for the Raiders defense, which saw the quarterback's mobility against Houston when he ran for 57 yards in five forced scrambles and scored one touchdown.

"He's faster than me with or without a pulled groin," said Bob Colie, the Raiders' defensive tackle. "His mobility gives them a great deal of flexibility."

But if the Bengals have Boomer, the Raiders have Bo: Bo Jackson, who broke off an 88-yard run in his team's last meeting with the Bengals before he was caught from behind by Rod Jones, a cornerback.

That run by Jackson, which set up a touchdown, essentially ended the game. And the victory filled the Raiders with the sense of confidence that they are carrying with them into this weekend's game.

A Reason to Kick In Giants Stadium

New York Times Service

EAST RUTHERFORD, N.J. — For the Kickers, Giants Stadium will be no paradise on Sunday when the New York Giants play the Chicago Bears in a second-round playoff game.

The Giants' kickers, Sean Landeta and Matt Bahr, are resigned to winter winds blowing here.

"You can't let it bother you, like play games with your head," said Landeta, who has punted here for six seasons.

Bill Parcells' forecast for Sunday is "cloudy and breezy." How breezy? "Winds of 15 to 30 miles per hour (24 to 48 kilometers per hour)," the Giants' coach said.

Can there be a home-field advantage for Bahr and Landeta over the Bears' kickers, Kevin Butler and Marty Buford?

Landeta may represent some because he brings a little science to the problem. He recognizes that the wind, a daily probability, flies over the top of the stadium, stiffening its rooftop pylons. But the flags' message is false.

"Down in the stadium the wind's likely to be blowing the other way," Landeta said. And the tiny flags on top of the goal posts? "They don't tell you anything," he said.

■ Lott Back for 49ers

As the 49ers play Washington on Saturday, Ronnie Lott will reclaim his safety spot for the Super Bowl champions for the first time since spraining both knees last month. The Associated Press reported from San Francisco.

"It is going to be an emotional uplift, a mental uplift more than anything," 49ers defensive end Kevin Fagan said of Lott's return. "You don't better about how things are going to go."

SIDELINES

Australian Open Draw Favors Becker

MELBOURNE (AP) — Boris Becker's bid to overtake Stefan Edberg as the world's No. 1 tennis player got a boost on Friday when the draw for the Australian Open gave the German a far less treacherous path.

Edberg drew a qualifier in the first round starting Monday, but was slated to meet two potentially dangerous foes after that — American Brad Pearce in the second round and Australian Pat Cash, the 1987 Wimbledon champion, in the third round.

If Edberg survives these tests, he might then have to beat two more tough Americans, No. 16 Jim Courier and No. 7 Brad Gilbert. Meanwhile, the No. 2 Becker will open against Britain's Jeremy Bates, ranked No. 132. Becker does not appear to have a serious threat ahead of him until a possible fourth-round match against Marc Rosset, the 15th seed from Switzerland.

Steffi Graf, seeking her fourth straight Australian title, opens against American Jennifer Santrock, who has never gotten past the second round in seven Grand Slam events over the past four years.

Edberg saved five match points in the third set tiebreaker and beat U.S. Open champion Pete Sampras, 6-7 (5-7), 6-3, 7-6 (9-7), in the Rio Challenge exhibition tournament in Adelaide, Australia, on Friday. Sampras said a recurrent shin injury was bothering him and that he was considering pulling out of the Australian Open as a result.

Ickx and Waldegard Drop Out of Rally

GAO, Mali (AP) — Jacky Ickx of Belgium and Bruno Waldegard of Sweden, both in the top five of the overall standings, dropped out of the Paris-Dakar Rally after their Citroen cars caught fire on Friday, organizers said.

Ickx and his co-pilot, Christian Tarrin of France, were in second place. After the accident, Ickx was brought to Gao by car, according to the organizers, and apparently was uninjured.

The accident took place in the stage Tills to Gao when rear shock absorbers broke and caused all to get into the engine, starting the fire. Their Citroen had gone 99 kilometers (60 miles) of the leg of 630 kilometers. Later Waldegard's Citroen caught fire for the same reason.

Citroen teammate Ari Vatanen of Finland retained the overall lead with less than a week left in the endurance event.

For the Record

Carl Lewis, Olympic sprint gold medalist, was arrested Friday morning in Houston on drunken driving charges. Authorities said Lewis was taken into custody after failing a field sobriety test.

Mark Carter of the Chicago Bears, who led the NFL with 10 interceptions, was named the NFL's defensive rookie of the year on Friday by The Associated Press. Running back of the Dallas Cowboys was named the offensive rookie of the year. (AP)

Quotable

Coach Bill Parcells of the New York Giants, when asked the difference between his team and the Chicago Bears, whom the Giants face in Sunday's National Football Conference divisional playoff game: "They are in the Central time zone and we wear white shoes."

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE
Atlantic Division
Boston 28 5 48
Philadelphia 24 14 38
New York 24 14 38
Washington 14 18 32
New Jersey 10 22 12
Miami 9 24 17

Central Division
Milwaukee 23 10 33
Chicago 23 10 33
Detroit 23 10 33
Indiana 23 10 33
Charlotte 23 10 33
Cleveland 23 10 33

Pacific Division
Portland 30 4 30
Phoenix 21 11 45
Los Angeles 21 11 45
Golden State 18 15 34
Seattle 15 17 49
San Francisco 12 20 34

WESTERN CONFERENCE
Midwest Division
San Antonio 23 8 34
Utah 21 11 45
Houston 21 11 45
Dallas 12 19 37
Minnesota 16 22 33
Orlando 9 26 14
Denver 4 28 19

Southwest Division
Portland 30 4 30
Phoenix 21 11 45
Los Angeles 21 11 45
Golden State 18 15 34
Seattle 15 17 49
San Francisco 12 20 34

THURSDAY'S RESULTS
Sacramento 12 15 12-10
Charlotte 23 25 26-19
Cov 10-21 1-21
New York 10-21 1-21
New York 10-21 1-21
New York 10-21 1-21

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Miller 7-17 4-21
Harris 7-17 4-21
Evans 10-21 1-21
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Major College Scores

Adams 14-27 67-39, Davis 10-21 60-20, Rebo...
Houston 67 (Johnson 13), Denver 60
(Rasmussen 12), Atlanta 50 (Horton 34)
Ch. 20-18 (Adams 12)

Golden State 29 34 25-112
Seattle 27 38 22-103
Northway 10-18 24-24, Richmond 15-17 6-4
St. Michael's 15 24 75, Johnson 8-20 2-18
Alabama: Golden State 47 (Richmond 11), Seattle 24 (McMinn 7)

Florida 24 33 22-103
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